

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday May 17 1984

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Bolivia's need to unite
austerity with
democracy, Page 6

Australia	100	100	100
Canada	100	100	100
France	100	100	100
Germany	100	100	100
Italy	100	100	100
Japan	100	100	100
UK	100	100	100
USA	100	100	100

NEWS SUMMARY

GENERAL

Britain to boost Trident base

Britain's Ministry of Defence has announced a £350m (\$480m) expansion of its Clyde submarine base in Scotland to support the new Trident missile submarine force.

Four British submarines carrying the U.S. Trident weapon will replace the present Polaris force in the 1990s.

In Brussels, Nato defence ministers meeting to agree plans for high-technology weapons for the future failed to agree how to finance infrastructure projects amounting to less than 1 per cent of the total Nato defence spending.

U.S. Secretary of State Caspar Weinberger was said to be pressing for a six-year budget of at least \$7bn (\$9.5bn), but West Germany, backed by some smaller nations, wanted a \$4.3bn ceiling. Page 24

Barietta elected

Former World Bank vice-president Nicolas Barietta, who was backed by the military regime, was declared winner of Panama's first election for 16 years, amid opposition charges of fraud and intimidation.

Sr Cesar Quintero, the head of the electoral tribunal and its only independent member, denied however that an official result had been reached. Page 6

Explosions in Chile

Hours after the Pinochet Government in Chile approved stricter anti-terrorist measures, at least 40 bombs exploded in Santiago and at least another six in other Chilean cities. Bombs and electrical installations were among the targets.

Hungary pulls out

Hungary pulled out of the Los Angeles Olympic Games, leaving Poland and Romania the only Eastern Bloc countries still to declare their intentions. Page 3

Death inquiry call

British Labour MPs are pressing the Foreign Office to order an inquiry into the Moscow death of banker Dennis Skinner, who had links with British intelligence and the KGB. He fell from a 11th floor flat, and a Croydon, England, jury decided yesterday that he was unlawfully killed.

Solidarity stabbing

Jailed solidarity leader Piotr Bedzwar stabbed himself in the stomach in his cell at Barczewo, northern Poland, and was taken to hospital.

Nigerian concession

Nigeria, which closed its frontiers last month in a move to protect its economy, has agreed to allow through its borders food consignments for drought and war-stricken Chad. Page 4

Auction records

Sotheby's sale of Impressionist and modern pictures in New York on Tuesday night totalled over £20m (\$39m), a record for a sale room event. Auction records were set for Gauguin, whose Mata Mua was bought on behalf of Baron Heini Thyssen for £2.75m, Degas, Modigliani and Matisse.

Lord Robbins dies

Lord Robbins, British pioneer of higher education expansion, chairman of the Financial Times (1961-70) and a former trustee of the National Gallery and Tate Gallery and Royal Opera House director, died in London, aged 85. Appreciation, Page 23

BUSINESS

Kawasaki studies U.S. steel venture

KAWASAKI STEEL, one of Japan's "Big Five," is considering joining with Brazilian interests in a \$110m takeover of Kaiser Steel's moth-balled Fontana works in southern California being negotiated by Pacific Steel, a U.S. motor parts maker. Page 24

WALL STREET: Dow Jones Industrial Average was up 2.30 on 1,153.16 at the close. Report, Page 35. Full Share Prices, Pages 36-38

LONDON: FT Industrial Ordinary index was 1.4 up at 879.4. Government securities regained some recently lost ground. Report, Page 38. FT Share Information Service, Pages 40, 41

TOKYO: Nikkei, Dow index gained 15.31 at 10,619.85, and the Stock Exchange index was 0.39 up at 831.16. Report, Page 35; Leading prices, other exchanges, Page 38

Arab oil states to hold crisis talks on tanker attacks

BY RICHARD JOHNS IN LONDON

ARAB OIL-producing states in the Gulf plan a crisis meeting today in Kuwait to formulate a common response to Iranian attacks on tankers lifting their crude.

The gathering of foreign ministers, and probably defence ministers, from member states of the Gulf Co-operation Council (GCC) follows the attack yesterday morning on the Saudi 212,000 dwt very large crude carrier (VLCC), the Yanbu Pride. It was hit in the vicinity of Ras Tanura, the world's largest oil export terminal.

In Washington, a White House spokesman confirmed the Reagan Administration's commitment to keep the oil supply route from the Gulf open, he said: "We are pledged to do what is necessary." But as yet the U.S. Government did not consider that it was "closed."

The U.S. State Department said that the Administration believed Iranian aircraft were responsible for the strike on the Yanbu Pride, the fifth vessel to be hit the Gulf since the weekend.

The GCC-made up of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates - will be faced with the question whether to provide air cover for tankers carrying members' oil. It may also consider the possibility of seeking U.S. assistance in providing protection.

The aircraft responsible was not officially identified, but was clearly assumed to be Iranian. The vessel, owned by the Arabian International Maritime Company, a joint venture between Mobil and Saudi interests, was reported to have been not badly damaged and the fire caused was quickly extinguished.

The tanker was carrying a cargo of Kuwaiti and Saudi crude oil. Meeting in emergency session yesterday the Kuwaiti Cabinet confirmed that Iranian aircraft had been responsible for attacking tankers owned by the Kuwait Oil Tanker Company, the Umm Casbah



and Bahra, on Sunday and Monday respectively.

Britain expressed serious concern about what it described as indiscriminate attacks on neutral shipping and is consulting with its nine European Community partners about the Gulf conflict, a Foreign Office spokesman said.

Iran has made an official reference to the strikes on the Arab-owned tankers. But on Monday night Hajotleslam Rafsanjani, the Speaker of the Parliament, referring to Iraqi attacks on Iranian oil traffic, warned that if Iran's shipments were subject to attack then "no other routes in the Persian Gulf would be secure."

Iran may seek to goad the conservative Arab oil states, grouped in the GCC, to put pressure on Iraq to halt its attacks with Exocet missiles launched from French-supplied Super Etendard aircraft.

In theory, Saudi Arabia and Kuwait might be able to influence Baghdad by withholding financial aid. In practice, diplomats observe, they are unlikely to do so.

Echoes of war resound through the West, Page 4

Ministers will seek plan to maintain recovery

BY DAVID MARSH AND DAVID HOUSEGAIN IN PARIS

SENIOR ministers from the main industrial countries, meeting in Paris today and tomorrow, will be trying to draw up a plan to prevent the world economic recovery from peeling next year under the weight of high interest rates, protectionist trade measures and a possible resumption of inflation.

Foreign, economic and trade ministers of the 24-nation Organisation for Economic Co-operation and Development (OECD), gathering for the OECD's annual ministerial meeting ahead of next month's seven-country economic summit, will be presented with a cautiously optimistic picture of growth in the industrialised world this year.

Mr Emile van Lennep, the OECD secretary-general, made clear yesterday, however, that the interrelated problems of the high U.S. budget deficit, the developing countries' debt crisis, inflexible labour markets and protectionist pressures pose clear threats to the continuation of the world economic upturn.

Real economic growth in the OECD area for this year is now forecast at 4 per cent, up from the 3.5 per cent forecast by the organisation's Secretariat in December. Recovery is, however, patchy, fragile and lopsidedly concentrated in the U.S.

Mr van Lennep, pointing out that the recovery so far had failed to lower Western unemployment and that industrialised country growth was already forecast to slow to around 2 per cent next year, said: "We want to stop the risk that the recovery will come to a premature end."

The OECD is proposing that ministers implement their pledge last year to take further steps to dismantle trade restrictions, particularly by bringing forward to January 1985 cuts in tariffs programmed for the year.

The Secretariat has also put forward a seven-point plan to take further medium-term action to liberalise trade.

Mr van Lennep admitted yesterday that measures to relax trade barriers were "difficult" to apply in a U.S. election year when Western unemployment was still high.

Many Western policymakers believe that the strong dollar, which is contributing to the growing U.S. current account deficit, is the single greatest source of demands for protectionist policies in the U.S.

Risks of countertrade, Page 22

U.S. growth rate may be 6% in quarter

BY STEWART FLEMING IN WASHINGTON

REAL ECONOMIC growth in the U.S. in the second quarter could be in the 5 per cent to 6 per cent range unless there is a sudden deterioration in the level of activity in May and June, Mr Robert Ortner, chief economist of the U.S. Commerce Department, said yesterday after the release of data suggesting that housing activity rebounded in April from its slowdown in March.

Commenting on the stronger-than-expected economic statistics for April which have been released in recent days Mr Ortner said the second quarter was shaping up to be stronger rather than weaker. "I am not expecting an 8 per cent growth rate like the first quarter, but the second quarter is off to a strong start. The 2 to 3 per cent numbers (which some economists have been predicting) are rapidly flying out of the window. Unless May and June falls apart, growth will be in the 5 per cent to 6 per cent range."

Mr Ortner's comments come in the wake of April economic statistics which have shown strong gains in employment, retail sales, industrial production and new housing activity and capacity utilisation in industry.

Housing starts in April rebounded to a seasonally adjusted annual rate of 1.98m units, the Commerce Department reported yesterday, a rise of 19 per cent from the

depressed March level of 1.65m units.

Separately, the Federal Reserve Board reported a strong gain in capacity utilisation in industry last month. Capacity utilisation levels jumped 0.9 percentage points to 61.9 per cent, the highest rate since March 1980.

The housing figures will help to quell fears which surfaced with the March data that rising interest rates were already cutting into the housing industry. Some building industry economists are saying that relative weakness in the construction of single-family homes as opposed to apartments, and in the number of new housing permits issued last month, suggests housing activity may be peaking, Mr Ortner said it was clear the housing industry should again contribute to second-quarter growth.

Last week Mr Paul Volcker, the Federal Reserve Board chairman, pointed to the continued momentum in the economy as a factor which the Fed would have to take account of. Next week the Fed's monetary policymaking arm, the Open Market Committee will meet to chart the course of Fed policy in the next several weeks.

U.S. interest rates and the London summit, Page 22; Wall St. concern over rates, Page 35

Closures continue at car plants in West Germany

BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN car industry is rapidly beginning to close some production lines because of a strike by metal workers at key companies supplying vehicle components.

Daimler-Benz and BMW management will stop assembly at some plants from today, while Opel, Porsche and Volkswagen's Audi subsidiary will face major production difficulties by early next week.

Production was disrupted yesterday at Daimler-Benz's plant at Sindelfingen, near Stuttgart, where many workers walked off the job after a union meeting.

The metal workers' dispute, which is over demands for a cut in the working week from 40 to 35 hours, is threatening the vehicle industry with its first crippling shutdown since a wage struggle six years ago.

The crisis has been caused by the decision of IG Metall, West Germany's biggest union, to call about 13,000 members out on strike at a few factories in the north Baden-Württemberg regions last Monday.

The union has carefully picked its strike targets to achieve maximum effect - most of these factories supply components vital to the car industry.

A shutdown in some production would be a bitter blow to companies such as Porsche, Daimler-Benz and BMW, which have been striving to boost output to take advantage of export markets.

A prolonged stoppage would also be a blow to Volkswagen's efforts to

consolidate its recovery this year after two years of heavy losses.

Daimler-Benz said yesterday that it would have to stop assembly lines today at its Sindelfingen car plant and at its commercial vehicle plant at its Würth, because of lack of components.

About 20,000 workers will be affected in Sindelfingen and about 4,000 at Würth.

Daimler-Benz said that the components shortage was also affecting work at Untertürkheim in Stuttgart and at Bremen, and that some operations would stop there today.

About 7,300 workers would be affected initially at Untertürkheim and about 5,000 in Bremen.

Continued on Page 24

Thorn EMI, BAe 'will stay British'

BY PETER RIDDELL AND ALEXANDER NICOLL IN LONDON

ANY NEW company created by the possible merger of Thorn EMI, the UK electronics group, and British Aerospace, the aircraft and missile group, will be prevented from passing out of UK control, Mr Norman Lamont, UK Minister of State for Industry, said yesterday.

He said the British Government would also require an undertaking that British Aerospace's (BAe) participation in the Airbus programmes will continue, as well as insisting upon arrangements to keep the new company under UK control. The UK Government intended to take a "neutral" view of the possible merger, he told MPs.

Mr Lamont told the House of Commons that, subject to these factors, including the usual scrutiny by

the Director-General of Fair Trading, and to studying the details of any eventual proposal, "the Government does not see any reason which would justify using its shareholding in British Aerospace to impede such a merger if it proved acceptable to a majority of the remaining shareholders."

He gave no indication about the size of any Government shareholding in the new company if the deal eventually goes through.

In the City of London, Thorn EMI shares continued to react negatively yesterday to Tuesday's surprise news of the talks with BAe. Thorn's price, which fell 32p on Tuesday,

Continued on Page 24
Lex, Page 24

Paris proposes cut in working week to end Citroën conflict

BY PAUL BETTS IN PARIS

THE FRENCH Government is proposing a two-hour cut in the working week at Citroën as a possible basis for a compromise solution to the widening labour conflict at the large private carmaker.

Citroën management however, and the pro-Communist CGT labour union - the two principal parties in the dispute - have so far responded in very cool fashion to the proposals put to them by M Pierre Bérégovoy the French Socialist Affairs Minister.

M Bérégovoy confirmed his consultations yesterday to try to resolve the Citroën crisis. He believes that about 650 jobs out of about 2,400 compulsory redundancies planned by Citroën could be saved if the company's working week was reduced from 38½ hours to 36½ hours a week.

Citroën whose four plants in the Paris area continued to be peacefully occupied by workers yesterday, is planning a large number of compulsory redundancies to help to reduce the workforce by 8,000.

M Bérégovoy said yesterday that the current French system of "contrats de solidarité" could help to cut the working week. This system involves government financial aid to companies agreeing to shorter working hours.

"I am not saying you can reach the 35-hour week immediately, but I want to see significant progress in this direction," the Minister said.

M Pierre Mauroy, the Prime Minister, picked up the same theme in the National Assembly yesterday as he warned again that a solution to the Citroën conflict had to be found quickly.

The Socialist Government took the lead in Western Europe in reducing the working week when it came to power three years ago. Legislation was introduced to reduce the working week by one hour and extend paid holidays to five weeks. In the car industry this brought down the working week for production workers at Peugeot, the private car group which owns Citroën, to 38½ hours and at Renault, the state car group, to 38 hours 10 minutes.

Although the Government has maintained a theoretical target of reducing the working week to 35 hours by next year, the issue has virtually been forgotten in recent months.

However, the way in which the shorter hours issue has now exploded in West Germany and the present strike by engineers there has had an obvious impact on France. In turn, this appears to have influenced the Government and the pro-Socialist CFTD labour union to revive the project.

For French industrialists, and for the motor industry in particular, the idea of new cuts to the working week can only be considered if these are matched by a similar reduction in pay. So far in France, cuts in the working week have not

Continued on Page 24

AIR FRANCE TO THE FAR EAST: THE BETTER ALTERNATIVE.

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EUROPEAN NEWS

Bonn coalition forced to withdraw tax evasion amnesty Bill

BY JAMES BUCHAN IN BONN

THE WEST GERMAN coalition Government yesterday withdrew its controversial Bill for a tax evasion amnesty in the face of public opposition and back-sliding by the junior government partner, the Free Democrats Party (FDP).

The collapse of the plan to protect businessmen and party treasurers from prosecution for evading tax on party contributions is the latest defeat for the Government since the Constitutional Court threw out its project for a national census last year.

Chancellor Helmut Kohl's Christian Democrats (CDU) and the Bavarian Christian Social Union (CSU) yesterday could not hide their disgust at the FDP deputies and the party chairman, Herr Hans Dietrich Genscher, who had pushed for the Bill and then lost control of grass-roots sentiment.

None the less, Herr Kohl will bring the issue before the Bundestag on May 24 in an effort to air the issue thoroughly and perhaps influence the public prosecutor to proceed somewhat less zealously against the businessmen and more than 20 coalition politicians being investigated.

Herr Kohl also hopes to

West German wholesale prices rose by 0.4 per cent in April compared to March, when they rose 0.1 per cent over February, according to the statistics office in Wiesbaden, Reuter reports. In April the index (base 1976), stood 4.9 per cent higher than in the same month last year, compared with year-on-year rises of 5.4 per cent in March and 4.9 per cent in February.

embarrass the opposition Social Democrats (SPD), who have made capital out of the coalition's ill-judged Bill even though they toyed with their own amnesty while in coalition government with the FDP in 1981.

However, CDU officials were not looking forward to what seems bound to be a lively debate.

The revolt of the FDP deputies ruined a nice day for Herr Genscher, who yesterday celebrated 10 years as West Germany's Foreign Minister. Criticised by FDP party members for high-handedness, he is now fully in the sights of the right-wing CSU, whose party secretary, Herr Gerold Tandler, yesterday asked "what the FDP's word is now worth."

Walter Ellis in Amsterdam explains the cruise missile crisis in the Netherlands

The expanding hole in Nato's nuclear dyke

FOR THE past 18 months the most consistent sound heard in The Hague has been the smack of firm government. But, turn on the vision, and you see a Prime Minister ducking and weaving to fend off political humiliation and possible loss of office.

The cause of all the trouble is the decision of the former Dutch Government to accept the stationing of 48 U.S. cruise missiles on its soil by 1986. It was Mr Dries Van Agt, the former Christian Democrat Premier now comfortably ensconced in a provincial governor's mansion, who endorsed the Nato agreement; it is Mr Ruud Lubbers, head of the ruling coalition of Christian Democrats and Liberals, who has had to try to push it through.

Mr Lubbers is a supporter of Nato and the nuclear deterrent, although he was always doubtful about the wisdom of the former Government's decision to agree to the deployment of cruise. The wisdom of his doubts is now becoming clear as he faces a split in his own party, the defection of his coalition partner, and the growing opposition of the Dutch peace movement.

The fragility of his position became clear when the East-West arms reduction talks in Geneva broke down last winter. He started a long campaign to persuade the Dutch people that



berger, the U.S. Defence Secretary, and reportedly, President Ronald Reagan himself have warned sternly of the consequences of "disloyalty," he has been forced to back away.

The cabinet is due to decide on deployment late next month and the parliamentary debate will follow soon after. Even a cabinet vote in favour is not assured: Mr Job De Ruiter, the Christian Democrat Defence Minister, is an opponent of cruise, and a vital decision on defence not endorsed by the Minister concerned would be a little difficult to promote.

Nor is Mr Lubbers assailed only from the Left. His Liberal partners, led by the youthful and ambitious Mr Ed Nijpels, have said that they will accept only a "yes" vote, so a decision against cruise would break the coalition.

The Netherlands share would be sited elsewhere. Washington is said to have sat down hard on this one.

Finally, a variant on several themes has reportedly been discussed under which the sites would be fully prepared but delivery would be delayed until an opportunity had been given for the Soviet Union to re-open the arms talks.

Throughout, Mr Lubbers has had to bear in mind the fact that the Dutch peace movement, led by the Inter-Church Peace Council and the "No to Cruise Committee" is an extremely potent force. It is backed by the Labour Party, the trade unions and women's groups and its views are echoed by millions of ordinary citizens.

Recent polls have shown that most Dutch support Nato but are unhappy about cruise, while a stern minority is resolute in its rejection of the missiles.

The peace movement has organised hundreds of anti-cruise protests up and down the country, and the trade union federation last week called on its members to stop work for 15 minutes to signal their disapproval of cruise.

Mr Lubbers may well manage to get the deployment option— in whatever final form—through the Cabinet and with luck, he may even edge it through parliament. But beyond lies the peace movement. It is a daunting prospect.

The Dutch Parliament has 150 seats, of which the Christian Democrats holds 44, the Liberals 36, Labour 47 and the rest 23, almost equally divided between Left and Right. A large-scale defection in the Christian Democrat ranks would mean a defeat for the Government, followed by an election which in all probability would produce an anti-cruise coalition dominated by Labour.

Faced with this situation, Mr Lubbers has begun to wobble. Although Mr Caspar Wein-

The rumours have now been going on for months. First Mr Lubbers was going to seek to have the number of missiles reduced from 48 to 36, or even 24. Mr Bert De Vries, the Christian Democrat parliamentary leader, went so far as to point out that the preferred reduction would be to zero.

Next, it was said that the nimble-minded Premier had dreamed up a "wizard wheeze" whereby the Netherlands would accept the missiles only when armagadon seemed just around the corner, and that until then

Cypriots accuse UK over trade with north

BY ANDRIAS CHRISTOFIDES IN ATHENS

THE CYPRIOT Government yesterday accused Britain as one of several EEC countries continuing to trade with the self-styled Turkish Cypriot state in the occupied north of the island, and said it will step up efforts to secure the implementation of a Community ban on such trade.

"The EEC must act against accepting exports from the north of Cyprus, after the Turkish Cypriot independence declaration last November. Unfortunately, some EEC countries are trying to evade this ruling, and I'm afraid Britain is one of them," Mr Andreas Christofides, the Cypriot government spokesman, said in Athens.

He did not name the other countries involved, but these are understood to include the Netherlands and West Germany. Rotterdam and Hamburg, as well as Hull and Manchester in Britain, are reportedly the main ports of entry for chromium ore from the large mines on the northern Cypriot coast. The other main Turkish Cypriot export is citrus fruit.

"We will seek the implementation of the EEC trade ban. We will go to the European Court, if I have to," Mr Christofides said.

He was speaking after two days of consultations in Athens on future policy between President Spyros Kyprianou and the Greek Government.

Mr Christofides said that the next main diplomatic battle which Athens and Nicosia expect to wage will be over the renewal of the UN mandate for the United Nations peace-keeping force in Cyprus. The present mandate expires on June 15.

There is concern, he said, that Turkey and Cyprus might negotiate separate agreement with the UN on the status and deployment of the force.

Communists put Craxi in difficulty

BY JAMES BUCHAN IN ROME

ITALY'S OPPOSITION Communist Party put the Government of Sig Craxi into embarrassing difficulties in Parliament yesterday, only hours after it decided to resume obstructive tactics over the controversial wage indexation decree.

Discussion of the new version of the measure had to be broken off after there had been three times been insufficient MPs in the Chamber of Deputies to constitute a quorum—a result both of a staged withdrawal by the Communist deputies and the non-attendance of sufficient government members.

The Communist Party decided to re-start the obstruction it used to bring about the failure of the first version of the decree when the Government, alarmed at its withdrawal, not set the measure through before it expires in mid-June, decided to call a vote of confidence and ban all amendments to the measure.

The Communist action over the decree, whose aim is to limit the trigger of the scale mobile wage indexation mechanism, comes at a time of high political tension in Rome.

Sig Craxi has, with a mixture of apparently maladroit action and deliberate provocation in the last few days, raised the hackles of almost all parties—notably the Communists, the Christian Democrats and the Republicans, the last two of which are in the Government.

The most glaring incident was when he turned down the resignation of Sig Pietro Longo, the Budget Minister, after a leaked parliamentary report appeared to confirm that he had been a member of the P2 masonic lodge.

Sig Craxi also provoked the Christian Democrats at his Socialist Party congress at the weekend, and was hardly repentant when his party whistled indignantly at Sig Enrico Berlinguer, the Communist leader who was the guest at the congress. "I would have joined in the whistling myself if I knew how to whistle," he said.

It is evident that the aggressive tactics are justified as the campaign for the European elections gets under way.

Greek industry in new row with government

BY OUR ATHENS CORRESPONDENT

GREEK INDUSTRIALISTS and the country's Socialist Government blamed each other this week for the ailing state of the economy, as a new business row plunged relations between the two into another freeze.

The annual assembly on Tuesday night of the Federation of Greek Industries, a barometer of business feeling in Greece. This year's assembly came hot on the heels of the surprise announcement of a state fine of almost \$100m (£80m) against the Greek steel company Halyvouriki, for the illegal export of foreign exchange.

The Commerce Ministry said the fine covered the illegal export of \$57m between 1970 and 1980. It is broken down into a Dr 4.8bn make-up payment for the lost foreign exchange and a Dr 4.18bn fine for its illegal export.

The company, among Greece's top 20 industrial enterprises, retorted that it had been cleared of similar charges in a court two years ago.

Mr Theodoros Papalexopoulos, the Federation president, accused the Government of having "failed in its role as the regulator of the economy," and of "subordinating economics to politics."

Mr Gerassimos Arsenis, the Economy and Finance Minister and a guest speaker at the assembly, retorted by accusing industrialists of failing to come up with "large, courageous" investment ideas.

"There is a Chinese proverb: Why are you chucking it if you don't intend to lay an egg?" he told the assembly, which included President Constantine Karamanlis.

Mr Andreas Papandreu, the Prime Minister, had also been expected to attend. But he cancelled at the last moment, a move which the Greek financial Press linked to the steel company case.

Soares prepares plan to lure foreign investment

BY OUR LISBON CORRESPONDENT

THE PORTUGUESE Government will shortly introduce a recovery programme as part of its plans to liberalise the state-dominated economy, to modernise financial systems and increase business competition.

Sr Mario Soares, the Prime Minister, told an economic conference that the programme would aim to boost foreign investment and would serve as a key reference point for economic action both by the state and by private enterprise.

He said that the expected agreement on Portugal's entry to the European Community would make 1984 a turning point for the economy. "With persistence and balance we will be able to avert the need for further standby loans from the IMF."

The promise of recovery follows a rigorous austerity drive that has enabled the Socialist-led Government to improve on targets set by the IMF

last October in return for a \$300m (£273m) standby loan.

Last year's balance of payments deficit was \$1.7bn, compared to a target of \$2bn. Total foreign debt fell from \$14.6bn in mid-1983 to \$14.2bn in December.

Sr Soares went on to accuse President Antonio Ramalho Eanes, a long-standing political opponent of ambiguity behind which a "neo-Concavist front" was forming.

Sr Vasco Gonçalves was Prime Minister in 1975 when pro-Moscow Communists sought political power and control of the economy following Portugal's return to democracy in the 1974 revolution.

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EUROPEAN NEWS

EUROPEAN COMMISSION WILL PRESS TEN TO ADOPT TELECOMMUNICATIONS PLAN

Brussels seeks telecoms boosts

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission will press leaders of the Ten at their summit next month to adopt a programme to boost the EEC's telecommunications industry.

The programme includes opening national markets for new products manufactured to a common standard, setting up a fund to nurture research and improving the telecommunications networks in disadvantaged regions of the EEC.

Although the Commission has been trying to push the Ten towards a telecommunications programme for four years, the chances of success have improved recently. The UK and France have singled out the industry in their plans to re-launch the EEC. The March summit of the Ten promised an outline telecommunications programme by the end of June.

The Commission adopted the programme at its weekly meeting yesterday after consulting governments, industry and national telecommunications authorities.

"By improving our own proce-



Viscount Etienne Davignon

dures we should help the European market to have the same stimulating effect on industry as the U.S."

the EEC Commissioner for Industry.

"The capacity of the EEC to act is symptomatic of its ability to succeed in new technologies. It is an essential test case," he said.

Although the EEC runs a \$2bn surplus on its trade in telecommunications equipment, many of its exports are traditional products. The fear is that the EEC position on world markets will be eroded unless collective action is taken to overcome the handicap of different national systems and closed national markets. The national markets are too small a base for international competition.

The Commission believes that if the market is widened, industry will have the chance of adequate return on new investment. If small markets only are available, then the tendency to invest and compete will be less.

The Commission is therefore proposing that common standards should be introduced to create an EEC market in terminals, and in

this sector the Ten should have open tendering. For other equipment national markets should be steadily opened, starting at 10 per cent of spending, as France has suggested.

The Ten should also have a consultation group which would work for a joint strategy on the development of new services like cellular radio-telephone links, video communications and wideband networks.

As an immediate boost to industry, the Commission wants higher spending from the European Investment Bank, the Regional Fund and an existing loan funds for small businesses on telecommunications in the poorer and more remote areas of the EEC.

For the longer term, it is proposing a research fund of Ecu 25m-30m (\$20.2m-\$24.3m) a year for four years to act as a spur to industry projects. It would work along the same lines as a programme just starting in information where the EEC puts up half the spending on agreed research projects.

Rebels may compel budget cuts at Unice

By John Wyles in Brussels

UNICE, the Brussels-based organisation mainly representing business federations in the European Community, faces possible cuts in its budget and manpower because of a revolt by some of its membership.

A plan to streamline the organisation, which employs 30 people, is expected to be endorsed by the presidents of the constituent members on June 7 the date that Lord Penneock, former head of Britain's CBI, takes over the Unice presidency.

The move has astonished some EEC officials because member governments are putting increasing emphasis on developing the Community's industrial and financial policies.

However, it can be seen as a partial reflection not only of dissatisfaction with the organisation's activities but also disillusion with the Community itself on the part of some federations.

In many federations there is not much commitment to the cause of Europe," said one official yesterday.

Like the Ten, Unice's members have been arguing about its budget and their relative contributions. Confindustria, the Italian federation, is said to have been the catalyst in insisting that it could not afford to maintain its annual contributions.

The total annual budget is currently £12m, of which France, Italy, Britain and West Germany pay 17 per cent — £133,000 each. Confindustria's finances have recently been squeezed by the withdrawal of a large member and its staffing has been cut from around 600 to 400.

With the French Patronat also anxious about the level of its contributions, the Unice federations set up a working group to recommend economies.

The report, which is expected to lead to a cut in budget and staff, was endorsed by its executive committee last Friday.

Its authors believe that streamlining will strengthen rather than weaken the organisation which seeks to lobby the European institutions on the predictable range of business concerns.

Hungary joins Olympic boycott

BY LESLIE COLITT IN BERLIN

HUNGARY SAID yesterday that its Olympic committee had decided not to take part in the Los Angeles Olympic Games in "solidarity" with the Soviet Union and the other socialist countries.

This left only Poland and Romania among the East European countries still to announce their plans. Poland is expected to follow the Soviet lead, while Romanian officials have said their country will take part in the summer games.

The president of West Germany's

Olympic committee, Herr Willi Daume, said the U.S. organisers of the games had promised more than they could deliver.

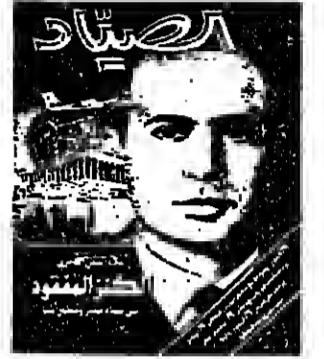
Herr Daume, who is a member of the International Olympic Committee, said the Los Angeles organisers had failed to build a unified Olympic village and had sometimes shown "very little feeling for the sensibilities of others."

He said Soviet athletes were "sensitive, quiet types" who were

susceptible to the sort of "uncertainties" the Russians saw themselves faced with in Los Angeles. Moscow, he suggested feared that its athletes would not perform at their best under such conditions. However, he noted that the Soviet Union in the end pulled out mainly for political reasons.

The West German sports official said the Los Angeles Olympics would lack any appeal, which he suggested was "all due to McDonalds."

ANNOUNCEMENT



From: The mother of kidnap victim Ala El-din Al-Bahri
To: The Kidnappers

Pursuant to your request, I went through Assayad magazine, edition No. 2060 issued in London, April 25, 1984. Having recognized my son's passport, which he was carrying on him during the kidnap, and which was published on page 39 of the above mentioned edition, I am prepared to fulfil the rest of your conditions following the handing over of my son and his wife in Damascus, the Syrian capital.

The mother of kidnap victim Ala El-din Al-Bahri

'Slow repairs' hit Soviet oil production

MOSCOW, Soviet oil production, dropped marginally in the first four months of 1984 and has now fallen below target every month since September, according to official figures published yesterday.

The figures, issued by the Central Statistics Office and published in the weekly Ekonomicheskaya Gazeta, showed output in the four-month period was unchanged at 204m tonnes.

But Western economic experts said the figure was rounded up, because the percentage given showed the oil sector produced 99.9 per cent of last year's output.

Recent reports have blamed the oil industry's problems on growing difficulties in extracting oil from Western Siberia, but the newspaper said the industry had failed to reach its target because mechanisation and repair of existing wells was slow. It had also fallen behind in putting new deposits into operation, the newspaper said.

Natural gas output was up 9 per cent from January-April 1983 at 194bc cubic metres. Reuter

Unemployment up 2.3% in April

BY DAVID HOUSEGO IN PARIS

FRENCH UNEMPLOYMENT rose by 2.3 per cent last month, confirming that the number of jobless is now rising much faster than the Government had officially anticipated.

At the same time, inflation is slowing down less rapidly than expected with the disclosure yesterday of a 0.6 per cent increase in prices in April. This brings the year-on-year rate at the end of last month to 7.9 per cent. But officials expect a more

rapid deceleration from next month. An encouraging pointer in this direction is that the growth in hourly wage rates in the first quarter of the year was below the increase in inflation.

According to figures released yesterday, the number of unemployed in April rose by 52,400, in line with the average for the first three months of the year. But the rate is almost double that forecast by M Pierre Mauroy, the Prime Minister,

who predicted an unemployment figure of 2.4m at the end of the year on the basis of an average monthly increase of 25,000. If the present trend continues the number of unemployed will have risen to 2.7m by the end of the year.

Yesterday's figures showed that the number of jobless at the end of April had risen to 2.29m on a seasonally corrected basis — up 14.6 per cent from a year ago.

Poll forecasts opposition setback

BY OUR PARIS CORRESPONDENT

FRANCE'S CENTRE and right-wing opposition parties yesterday received a shock with the revelation in a public opinion poll that they might win only 41 per cent of the votes in the European elections in June.

The IFOP poll shows that the joint list of the neo-Gaullist RPR party and the centrist UDF has dropped seven points since

February. The poll gives the Socialist party 23 per cent of the vote and the Communists 13 per cent.

The drop in the opposition's share reflects mainly the demoralisation within the UDF which is split over the movement's leadership. It is at odds about whether it wants M Raymond Barre, the former Prime Minister, or ex-President

Ciscard d'Estaing to head the party. It was also hesitant in joining a combined list for the elections in which it risked being squeezed by the more powerful RPR.

Most observers expect the opposition to gain a minimum of 47 per cent of the vote in the elections and possibly as much as 53 per cent.

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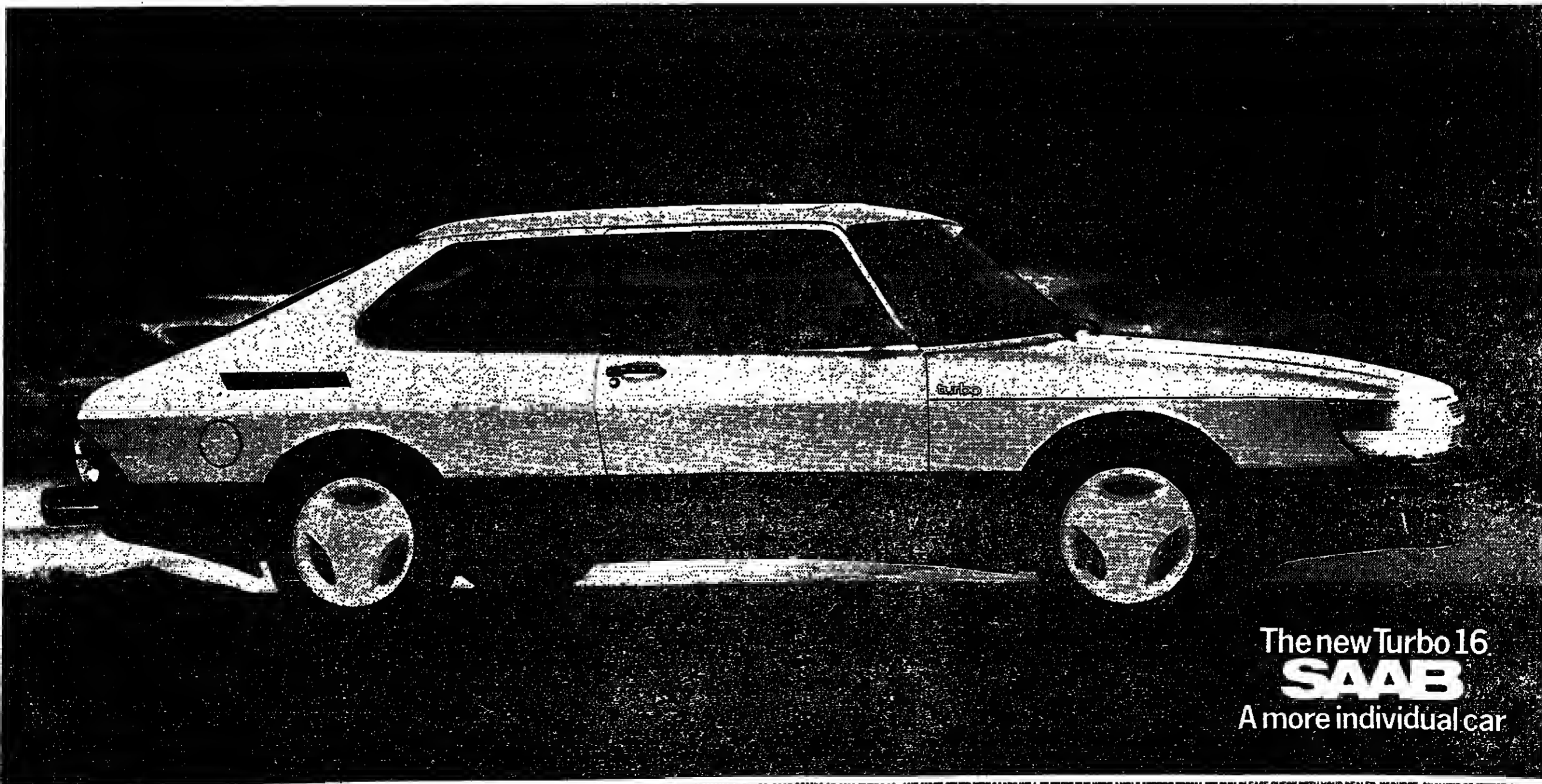
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OVERSEAS NEWS

Echoes of the Iran-Iraq war resound throughout the West

Air attack on Saudi super-tanker is part of sudden and dangerous escalation, writes Richard Johns

SINCE the beginning of this week the long conflict between Iraq and Iran now in its 44th month, has escalated dangerously.

Its repercussions had so far been largely confined to the region, even if endemic apprehension and concern over the potential threat to world oil supplies was far more widespread. Within a day Iranian air attacks on Arab oil traffic and, in particular, on the Saudi super-tanker, the Yanbu Pride within miles of Ras Tanura, a Saudi port, the war has assumed a more international dimension which must inevitably bring it clearly into the focus of super-power rivalry.

Less than 12 hours before the Yanbu Pride was ablaze, Mr Hajatoleslam Hashemi Rafsanjani, Speaker of the Iranian Parliament, had said cryptically in Tehran that either "the Persian Gulf will be safe for all or for no one." Iran, clearly, could not ignore Iraq's efforts

to disrupt its oil exports once its enemy had developed capacity to deploy Exocets against vessels moving in and out of Kharg Island. Thus, it decided to retaliate.

Its success in striking a Very Large Crude Carrier (VLCC) so near the world's most important oil export terminal was bound to set the alarm bells ringing in the West. No doubt questions were being asked yesterday in Riyadh and Washington as to why F-16s of the Saudi Royal Air Force based at Dhahran and guided by U.S. aerial surveillance aircraft, did not intercept the Iranian intruder. An elaborate and expensive defence system was penetrated.

Oil supplies from the Gulf, amounting to between 8.5m and 9m barrels a day have recently been providing about one fifth of the non-Communist world's

requirements. The failure of the conflict—at least until now—to disrupt supplies has bred a certain complacency in the oil market. That is not perhaps surprising. After the initial cut-off of Iraqi exports from the Gulf at the outbreak of war in 1980, the flow from other sources in the Gulf was unimpeded for three years. Iran's naval supremacy more or less ensured that shipments were unaffected.

Renewed danger to supplies from Iran and the Arab producers of the Gulf loomed again last autumn when France supplied Iraq with Super Etendard jets, which can deliver Exocet missiles. Baghdad's threat to attack Iranian oil traffic prompted Iran's warning that it would retaliate by closing the Straits of Hormuz.

But oil insurance and shipping businesses remained untroubled by Iraqi attempts to

attack vessels using Iranian ports from November onwards or by Iran's threat of retaliation. That was understandable given the spasmodic, ineffectual nature of the challenge. Iraq seemed unable to reach the tankers lifting oil from Kharg Island, Iran's main terminal, and all the strikes were in the vicinity of or approaches to Bandar Khomeini, little more than 80 miles from Basrah.

Iraq finally armed the Super Etendards with Exocets early in February. Its aircraft scored some hits on minor targets, all of them cargo vessels, and sufficient to double war risk premiums before finally hitting the Filikon L on March 27.

The 85,123 dwt Greek tanker was south-west of Kharg Island—but was carrying oil from Kuwait to Sicily. On the same day a supply vessel servicing a Saudi Arabian oil field was

sunk. Iraq's achievement in striking outside its declared war exclusion zone at the interests of the two Arab producers which have sustained its war effort to the tune of \$30bn over the past three years could only breed more scepticism about its ability to disrupt Iran's exports.

The situation took on a very different complexion with the Exocet blows struck by Iraq well south of Kharg Island against the 357,000 dwt Safina al Arab on April 25 and the 117,000 dwt Al Ahoud, on May 7 both of them ironically Saudi majority-owned vessels which had loaded Iranian oil.

Two other hits at the weekend against other tankers were matched by the rocket attacks against the Kuwaiti-owned tankers, the Umm al Casbah on Sunday and the Bahra on Monday. It was clear that the aircraft which hit them at close

range were Iranian before confirmation came from Washington and Kuwait itself.

One good reason for the complacency of the oil market has been the general feeling that Iran could not close the Strait of Hormuz by military means for any more than a very short period in the face of intervention by the U.S. and its allies, including Oman. The Iranian Supreme Defence Council must have reached the same conclusion, and that any attempt to do so would involve humiliation, as well as possibly a long-term stoppage or dislocation of its vital exports.

That has left it with the option of doing what it can to retaliate against Arab oil traffic within the Gulf itself. Its naval potential is very limited in the presence of the U.S. flotilla led by the command ship La Salle and carrier-borne aircraft. In-

deed, two U.S. frigates were on hand when Iranian Revolutionary Guards tried to interfere with the salvage of the Safina al Arab.

Iran is thought by Western intelligence agencies to have as little as 40-50 airworthy combat aircraft, U.S.-supplied F-4s and F-5s, and most of them may be well short of full operational capability. It is certainly not in a position to deploy them on any scale.

But Tehran has probably calculated that judicious deployment will scare international shipping away from Arab ports just as Iraq's new ability to hit tankers using Kharg Island is now seriously inhibiting ship owners and oil traders from lifting Iranian oil both because of rising insurance premiums, or the unavailability of any cover and the danger to crews. This could drastically reduce

the flow of oil from the Gulf and eventually force up prices on the spot market. But about half the oil moving from the Gulf could immediately be replaced by increased output elsewhere and stocks in the consuming countries are high. Supply problems must be over-shadowed at present by the danger that other Arab states and the U.S. will be drawn into the air or sea conflict of a time when Iran may launch its long-awaited land offensive.

Washington and the Soviet Union have both tilted in favour of Iraq in the conflict, although the latter, while recognising the West's legitimate interest in secure oil supplies from the Gulf, has been vociferous in condemning its interference there.

On the super-power level the escalation of the conflict could upset the fairly delicate equilibrium that has been maintained so far, without bringing a conclusion any nearer.

Bankers express concern over Philippines malaise

BY CHRIS SHERWELL IN MANILA

WESTERN BANKERS in Manila are again voicing profound concern at the deepening economic malaise in the Philippines, and say they fear for the future of an international bank rescue package to deal with the country's \$25bn debt crisis.

Their worries, expressed in the wake of an unexpectedly strong vote against President Ferdinand Marcos in this week's parliamentary elections, centre on three developments:

● A sharp rise in Government borrowing from the central bank in the period before the election, apparently beyond the accepted limits of previous years' borrowing.

● It is understood that the International Monetary Fund is insisting on action to reduce these overdrafts over the next

two weeks, before a letter of intent is agreed and a debt rescheduling package implemented. The Cabinet is to discuss the economy this morning.

Mr Cesar Virata, Prime Minister and Finance Minister Mr Jose Fernandez, the central bank governor, are due to leave later today for Tokyo and Washington for talks with bank creditors and the IMF. Mr Marcos indicated on Tuesday that a pact

should be struck with the IMF by early June.

● The apparent failure of Mr Fernandez to stem recent increases in money supply. Last night he was forced to deny widespread reports that he had resigned his post, but one banker commented: "There is too much smoke for their to be no fire."

● Though bankers are disappointed by Mr Fernandez's performance since he took over the job in January, they stand by their view that he remains a key to the implementation of an IMF recovery programme. With Mr Virata, whose hand has been strengthened by his own electoral victory.

● The conditions to be spelled out in the Letter of Intent attached to the IMF credit at the heart of the debt rescue

package. Bankers fear they may be too tough for Marcos to impose, especially after the election setback.

The rescue package consists of an SDR 615m IMF standby credit, \$3.3bn of new money from commercial banks and official donors, and a rescheduling of some \$8bn of the Philippines' \$25.6bn external debt.

The conditions attached to the IMF credit include a more flexible exchange rate for the peso, a reduction of the Government's budget deficit and a narrowing of the current account deficit. This is reckoned to entail a peso devaluation, cuts in government spending, higher taxes and tough credit controls, all of which could fuel inflation and trigger unrest.

Pretoria schools closed after protest

By J. D. F. Jones in Cape Town

SOUTH AFRICA'S Minister of Education, Mr Barend du Plessis, has taken a hard line on protesting black schoolchildren in the Atteridgeville township near Pretoria.

Late on Tuesday, he announced that six Atteridgeville schools were to be closed for the rest of the school year as children who were boycotting classes had failed to return to their classrooms by the May 15 deadline imposed by the Minister.

The Atteridgeville children have been boycotting classes for the past three months in protest against the authorities' decision not to allow pupils over the age of 20 to attend secondary school, corporal punishment and the prohibition of student representative councils.

On May 4, Mr Du Plessis warned the Atteridgeville children to return to their classes by May 8 and to attend classes without disruption for a week. Otherwise, the Minister threatened, he would have no option but to close the schools for the rest of the year.

Though the pupils went back to the six affected schools on schedule, they refused to enter classrooms and to be taught. The minister's decision to close the schools has been criticised by black community leaders, educators and white politicians. Mr Du Plessis has blamed "forces of subversion" for the three-month boycott and said that these subversive forces had persisted with their intimidation and manipulation of the pupils.

In a separate event, four university lecturers have been deported from the so-called independent black South African state of Transkei following a week of unrest on the campus of the University of Transkei. A fifth staff member, Prof Nico Cloete, head of the psychology department, is being held by Transkeian police who are investigating charges against him under Transkei's security laws.

The student unrest was in protest at the earlier role of the administration in delivering the four students into the hands of the security police. Baton-wielding police who cleared the university campus on Tuesday arrested a number of students as they left.

Nigeria agrees to Chad food transit

Nigeria has agreed to let food consignments for drought- and war-stricken Chad through its territory despite the current closure of its land borders.

Chadian officials said, Reuter reports from N Djameina. The accord was reached during a brief visit to Nigeria by President Hissene Habre for talks with Nigerian leader Major-General Mohammed Buhari on finding a solution to the prolonged Chadian conflict.

Nigeria closed its border late last month after the government announced a surprise changeover of bank notes to curb currency trafficking. This hit Chad, which depends on food and fuel shipments from and through Nigeria.

China plans boost to capital investment in energy, transport

BY MARK BAKER IN PEKING

CHINA is planning a \$10bn boost in fixed asset investment this year with the key aim of improving energy and transport facilities.

A target of U.S.\$45bn has been set for new investment in capital construction, equipment renewal and technology transfers — a 27.7 per cent increase on the 1983 target.

In his annual economic report to the National People's Congress, Song Ping, head of China's state planning commission, said the boost followed the success of measures adopted last year to control unplanned capital construction.

As a further measure, the Government has announced that all local level enterprises — which have been blamed for diverting scarce resources away from priority projects — will now have to deposit all construction funds with the national construction bank.

Any funds deposited after July 1 each year will not be released until the following year, a move designed to further control such investment.

Song said this year's target would be \$31bn for capital construction (up 28 per cent on 1983's target) and \$13.5bn for equipment renewal and technology transfer (up 21 per cent).

He said last year's target had been outstripped by \$2.7bn, much of which had been directed to improving energy facilities and transportation and in importing technology, areas which would be emphasised this year.

China's economic leaders have reported substantial economic growth in the past year, but stretched energy supplies and transportation have been singled out as key problems.

Song said electricity shortages in many places had meant that the productive capacity of a large number of enterprises had not been put into regular use.

He announced that a unified electricity management and distribution system would be implemented between four power networks in the north, north east, east and central China. Improved power output would be concentrated on key enterprises and construction projects.

China has set increased output targets of 4 per cent for agriculture and 5 per cent for industry this year, the most the same as those set for last year, and a 4.6 per cent target for national income.

Song said that despite an almost 50 per cent increase in credit output last year, a 10.5 per cent increase in industrial output, a 19.4 per cent increase in trade volume and solid rises in personal incomes, China must be "soberly aware" of the problems in achieving its growth aims.

"The improvement of economic results is relatively slow and the state still faces financial difficulties," he said. There was still widespread inefficiency, waste and poor planning.

The Finance Minister, Wang Bingqian, said the 1983 state revenue was \$39.7bn and expenditure was \$61.5bn, leaving a deficit of \$21.8bn. Domestic receipts were \$57.7bn, an increase of 11.7 per cent, and foreign loans totalled \$1.7bn.

Tokyo expects visit from S. Korean president soon

BY JUREK MARTIN IN TOKYO

THE JAPANESE Government expects President Chun Doo Hwan of South Korea to pay an official visit later this year, possibly early in September.

The visit is seen here as having considerable symbolic significance. It would be the first-ever by a South Korean President and thus constitute a new chapter in an historical and also more recently difficult relationship.

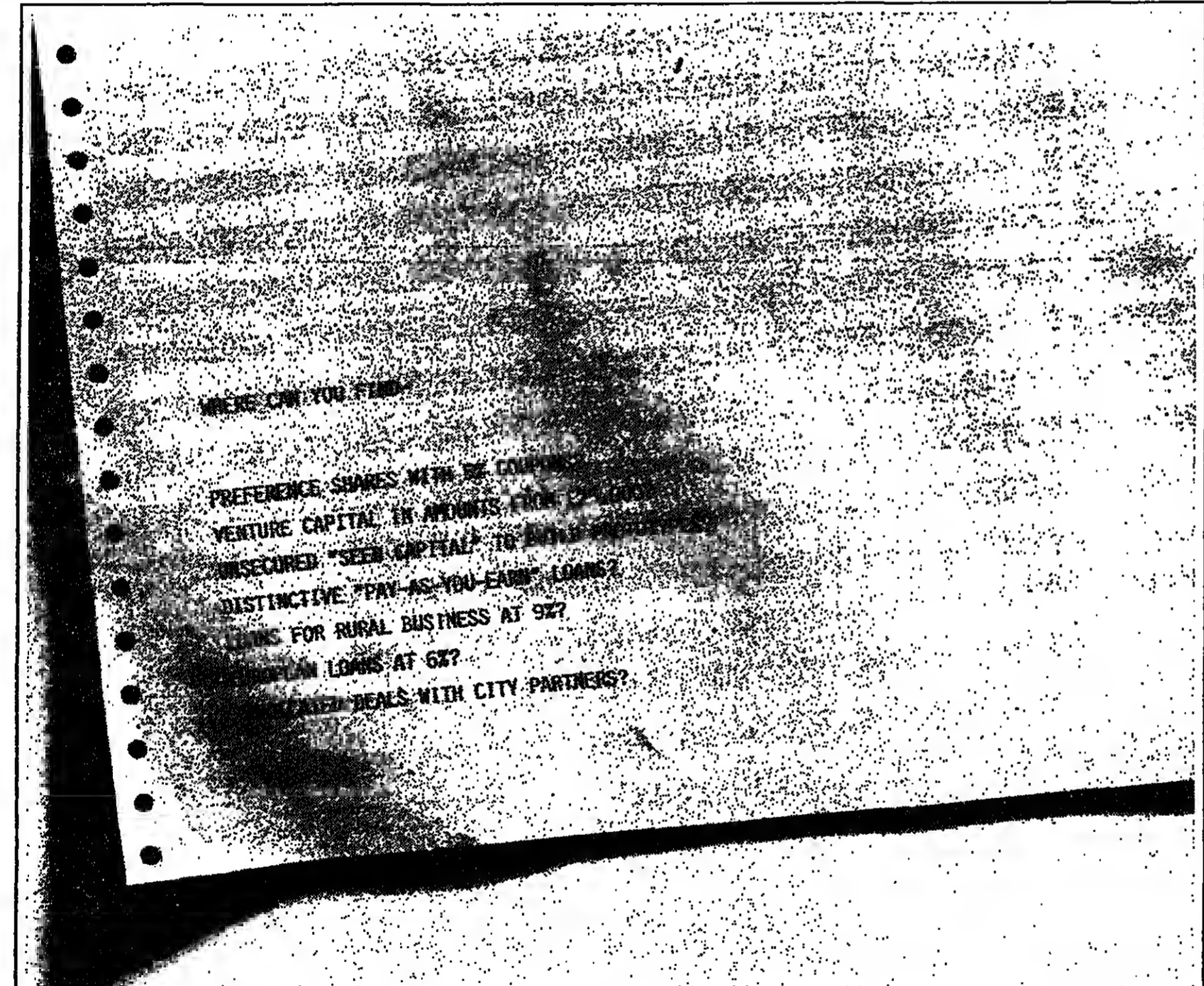
Since assuming office, Mr Yasuhiro Nakasone, the Prime Minister, has gone to considerable lengths to improve ties with South Korea. Last year, his first official foreign trip was to Seoul, preceding even going to the U.S. Later his Government finalised pending negotiations for a \$4bn credit to South Korea.

At the same time, Japan has shown an active, if discreet, interest in reducing tension on the Korean Peninsula. Mr Nakasone raised relations between the two Koreas with the Chinese leadership in Peking earlier this year.

Details of President Chun's visit will most likely be worked out in July when the Japanese Foreign Minister, Mr Shintaro Abe, goes to Seoul.

The Prime Minister may also be hoping that President Chun's visit will have a domestic political fall-out, as it would be taking place not long before the ruling Liberal Democratic Party decides whether or not to return Mr Nakasone as its leader.

Nevertheless, Mr Nakasone's stock is currently on the rise. In the opinion of political analysts here.



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Australian unions in budget talks

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S Labor Government agreed yesterday to set up a joint working party with the Australian Council of Trade Unions (ACTU) to discuss proposed tax cuts and improved welfare payments planned for the August budget.

The move demonstrates continuing co-operation between Mr Bob Hawke's Government and the unions, and the strength of the 18-month-old pay and prices pact between the Australian Labor Party and ACTU.

Mr Hawke is a former ACTU president. However, the decision to allow the unions to play such a direct role in formulating budget strategy was bitterly attacked by the Opposition

leader, Mr Andrew Peacock, who claimed it was a "complete sell-out by the Government to union pressures."

The decision to involve the union in key talks on the "form and style" of budget tax cuts was announced by Treasury, Mr Paul Keating, and the Industrial Relations Minister, Mr Ralph Willis.

Mr Keating said the unions would probably be given access to confidential budget information. The working party will meet over the next few weeks.

A joint statement issued yesterday said there was agreement that significant tax relief was needed for lower and middle income earners. Employers will not be involved in the discus-

sions. The Government is hoping the unions will maintain a firm lid on wage claims, other than those settled in accordance with the machinery of centralised, indexed wage fixing.

Union sources formed the impression that the Government was contemplating tax cuts totalling between \$41bn and \$41.5bn (\$840m and \$260m).

Another indication of the current strength of the pay and prices pact was shown yesterday in Bureau of Statistics figures that revealed that the number of working days lost because of disputes between April 12 to February 1984, 1.5m, was 11 per cent fewer than for the previous 12 months.

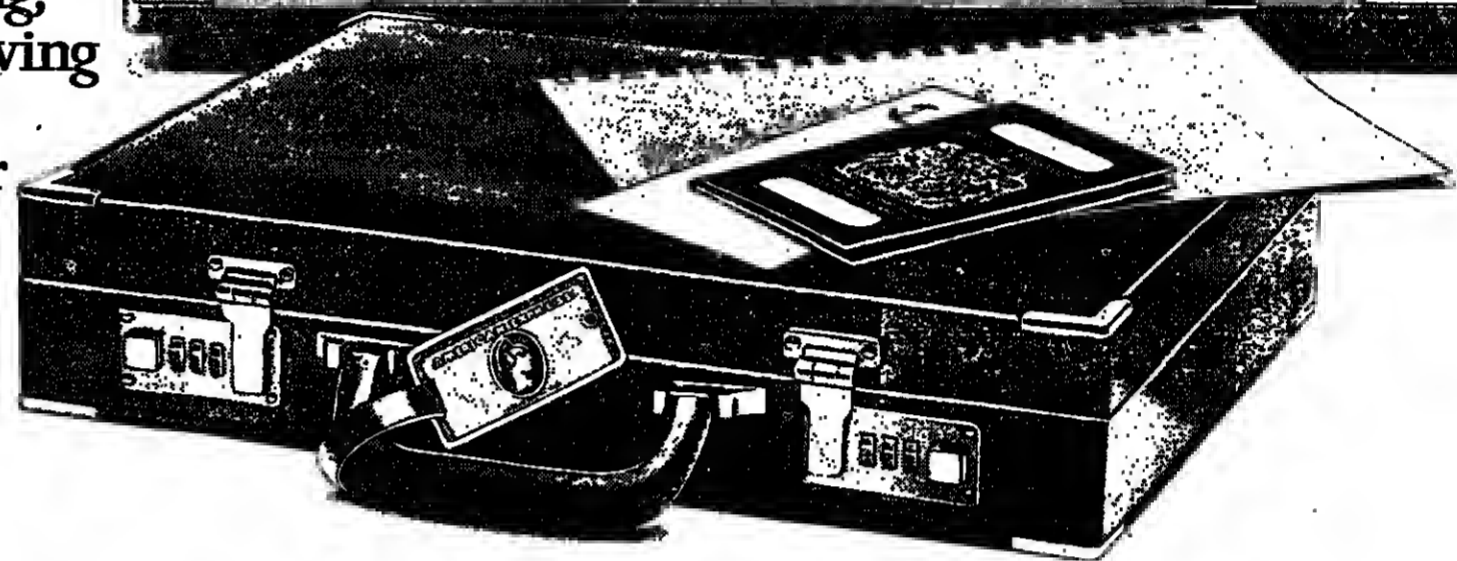
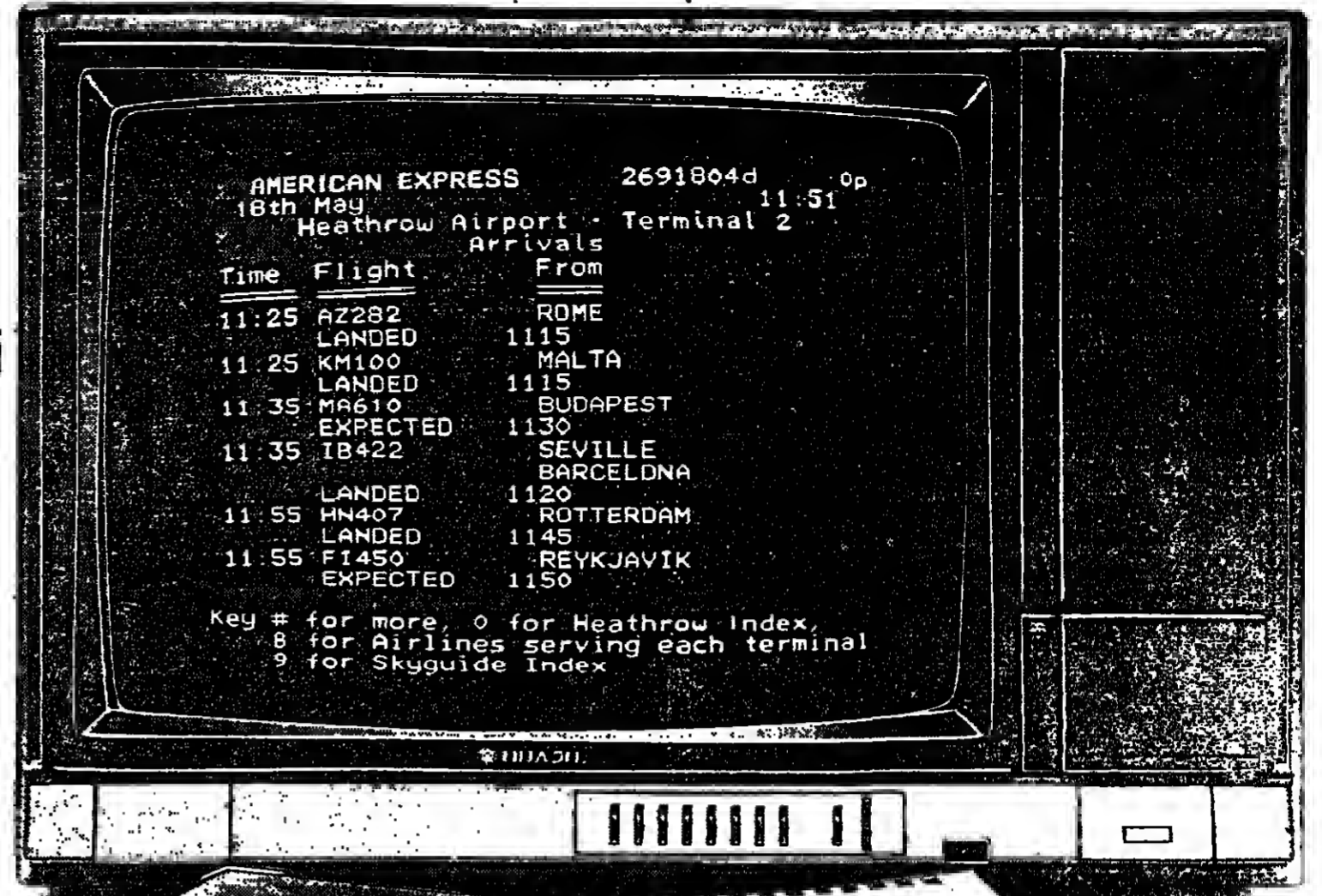
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a day, 365 days a year. It monitors some 700,000 aircraft movements a year, covering around 57 million passengers. Prestel subscribers can access this valuable information for just 10p plus the cost of a local telephone call. And they are currently doing so 100,000 times a month.

The ingenious SkyGuide programme has won awards from the British Computer Society for applications, and from the European Direct Marketing Association for an outstanding contribution to the direct marketing of high-tech products.

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the choice of Packet SwitchStream for the vital link between the airports and Brighton.

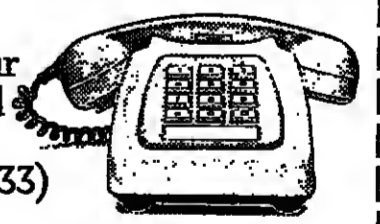
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*SkyGuide is the business name of American Express Flight Information Display Service.

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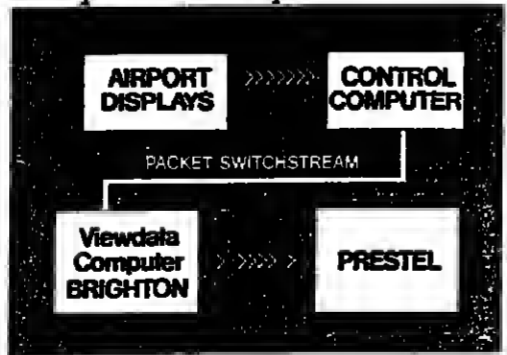


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SkyGuide block diagram: PSS data links provide the airport connections.



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AMERICAN NEWS

The threat of a coup hovers ever near, reports Robert del Quiaro, recently in La Paz

Bolivia tries to reconcile austerity with democracy

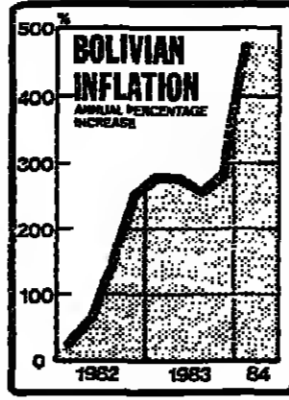
PRESIDENT Hernan Siles Zuazo of Bolivia has only to look out of the front window of his residence in La Paz to see the lamp-post, now preserved as a national monument, from which the mob hanged one of his predecessors in 1966.



MINISTER'S RESIGNATION REFUSED

President Hernan Siles of Bolivia (left) was yesterday refusing to accept the resignation of Sr Flavio Machicado, the Finance Minister, writes Hugh O'Shaughnessy.

Emergency discussions continued in Cabinet in La Paz yesterday as COB leaders started a hunger strike aimed at persuading the government to rescind the austerity measures decreed last month.



reserves he sold to raise cash for public works and that a unilateral moratorium on servicing the foreign debt be maintained until Bolivia became able to pay.

The Government was well aware that tripling the price of petrol and basic foods, devaluing the currency, and abolishing subsidies on the prices of many basic goods would provoke a furious reaction from the trade unions.

with or without jobs, against the plummeting standard of living. Average national income per head is now barely \$400 a year, leaving hundreds of thousands near starvation.

The measures have helped Bolivia's flourishing exporters. The devaluation of the Bolivian peso from 500 to the U.S. dollar to 2,000 has quadrupled the peso income of the metal mining industry, the country's main exporter.

government" which was elected with their support in 1982 after a series of corrupt and incompetent military administrations.

Catavi Housewives' Committee, said: "We are at a loss to know what to put in the cooking pot. Our children are malnourished and so are our husbands. No one can study or work properly in this situation. Yet all we hear from the bosses and the government are demands for more output."

Military's candidate declared winner in Panama election

BY DAVID GARDNER IN MEXICO CITY

A FORMER World Bank vice-president, Sr Nicolas Ardito Barletta, has been declared the winner of Panama's first national election in 16 years despite opposition charges of fraud and intimidation.

Sr Barletta, chosen by the military-backed regime to head off a powerful opposition challenge from Dr Arnulfo Arias, the Right-wing populist who has been ousted from the presidency three times by the National Guard, was given a victory margin of 1,713 votes by the government-appointed electoral tribunal.

This slim margin contradicts opposition claims to have won by just under 10,000 votes, and was agreed after legal challenges to over a quarter of the estimated 630,000 votes cast on May 6 were thrown out.

Evidence collected by diplomats, journalists and independent observers at the elections shows that there is a prima facie case for investigating several of the challenges which would very likely prove decisive on such a close vote, and give a marginal victory to Dr Arias.

The decision to go ahead with the results from a manifestly flawed electoral process ten days after the polls opens up the possibility of a violent reaction from Dr Arias's supporters, who had been warned to expect fraud.

Violent clashes took place outside the national legislature, where the vote was being collated, the day after the polls. One person was killed and 43 wounded after heavily armed gunmen from the ruling Revolutionary

Hart predicts close race after primary victories

BY REGINALD DALE IN WASHINGTON

SENATOR Gary Hart put on a burst of speed coming into the final furlong of this year's Democratic presidential race, easily winning Tuesday's primaries in Oregon and Nebraska.

The Colorado senator carried both states by 59 to 27 per cent over his main rival, former vice-president Walter Mondale, according to nearly complete returns yesterday.

A jubilant Mr Hart said it was his campaign that now had "the excitement and momentum" and predicted a "neck-and-neck horse race" for a majority of delegates at July's party convention in San Francisco.

Mr Hart hopes that after a strong finish in the remaining five primaries he will convince the convention that only he can beat President Ronald Reagan in November's election.

Mr Mondale, however, backed away from earlier predictions that he would have enough delegates to win the nomination by close of play on June 5, so-called "final Tuesday."

Ontario may sell state groups to private sector

BY BERNARD SIMON IN TORONTO

THE GOVERNMENT OF Ontario, the province which accounts for 38 per cent of Canada's gross national product, is to review the activities of several dozen provincially-owned corporations with a view to rationalising their operations and reducing the possible sale of some to the private sector.

Mr Larry Grossman, the province's treasurer, announced the review in his budget speech. He said it would examine "instances where privatisation may better serve the public."

A government official could not say how long the review would take.

There are 275 provincial agencies, boards and commissions in Ontario, but most of them are regulatory bodies without commercial activities.

Among the most important commercial ventures are the Liquor Control Board of Ontario, which handles the sale and transportation of liquor, and the Urban Transportation and Development Corporation, which manufactures urban transport equipment and has an extensive research programme.

Costa Rica and Nicaragua sign border accord

PANAMA CITY — The foreign ministers of Costa Rica and Nicaragua have signed a six-point agreement aimed at reducing tension and armed conflict on their common border.

After a day-long meeting on Tuesday sponsored by the foundation Contadora group, foreign ministers Miguel d'Escoto of Nicaragua and Jose Gutierrez of Costa Rica, agreed on a joint "commission of supervision and prevention" for border inspections.

The commission will also recommend solutions to problems between the two countries, and will include representatives from Costa Rica, Nicaragua and from each of the four Contadora countries.

"This means the creation of a new mechanism to try to solve border problems that have been causing friction between Costa Rica and Nicaragua," Sr Gutierrez said.

Chilean capital shaken by 40 bomb blasts

By Mary Helen Spooner in Santiago

AT LEAST 40 bombs exploded almost simultaneously in Santiago late on Tuesday, and at least another six bomb explosions occurred in three other Chilean cities, damaging buildings and provoking power shortages in some areas but causing no injuries.

The terrorists' targets included 11 bank offices, a station in Santiago's underground railway and electrical installations. The explosions occurred just hours after General Augusto Pinochet's junta approved a controversial anti-terrorist law giving authorities wider powers to arrest and imprison suspected terrorists.

The law lists 16 categories of terrorist activity, including "those who act as organisers for terrorism."

The law has received harsh criticism from Chile's Roman Catholic hierarchy.

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AT THE SPEED OF THOUGHT

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WORLD TRADE NEWS

U.S. wine industry renews its campaign to stem imports

BY NANCY DUNNE IN WASHINGTON

THE AMERICAN wine industry is renewing its drive for legislation to promote foreign sales and stem imports.

The Wine Equity Act, backed by vintners as a "reciprocity" bill to get more U.S. wine admitted in overseas markets, never won the support of the Reagan Administration.

Its opponents argued that it was incompatible with concessions granted under the General Agreement on Tariffs and Trade (GATT), and it has been slowly losing Congressional sponsors.

The wine industry has gone back to the drawing board to produce an act so broadly based that the Administration will not fight it.

For several weeks, producer representatives have been working on a new Bill with other farm interests, which had opposed the old bill to protect already threatened soybean and maize exports to the EEC.

Negotiators are reported to be considering a Bill which would mandate an investigation of wine imports under Section 301 of the Tariff Act of 1974.

If an investigation confirms the industry's allegations of unfair subsidies, then the U.S. would file a subsidy petition under the General Agreement on Tariffs and Trade.

A spokesman for the American Wine Institute said California vintners, which he represents, simply want fair access to markets abroad.

Some of the producers' complaints were settled by a wine accord on oenological practices negotiated between the U.S. and the EEC last July and scheduled to be implemented this July.

The EEC has moved to further placate American vintners by valuing duties on U.S. wines set above a minimum reference price. However, U.S. producers fear that the waiver

Import relief pleas and trade practice complaints are flooding in, Nancy Dunne writes
U.S. business besieging ITC, says chairman

MR ALFRED ECKES, chairman of the U.S. International Trade Commission (ITC) complains that his agency is under siege.

American business interests, led by the troubled steel industry, have flooded the commission with petitions for import relief and complaints of unfair trade practices this year. The heavy caseload has prompted Mr Eckes to go to Congress in February to plead for more funding for his hard-pressed commission.

The ITC was created 67 years ago as an independent fact-finding agency to assist Congress and the White House. Over the years it acquired quasi-judicial functions.

The President can set aside ITC cases which deal with injury to domestic industries caused by imports. But the ITC's rulings on unfair trade practices are usually outside the review of the Administration.

Its commissioners, says Mr Eckes, are more like judges who can evaluate issues based on their merits without regard to political pressure. They serve nine-year terms and no more than three of the total six can be appointed from one party.

"The greatest pressure we face is the pressure of being right, because we are reviewed by the courts, and the judge will tell us if we've been arbitrary and capricious," says Mr Eckes.

The ITC plays a key role in implementing trade law by

determining if, in fact, an industry has been injured by imports and by recommending what relief ought to be offered. It has before it requests by steel manufacturers, who are seeking "escape clause" relief from foreign imports. The cases are due for judgment this summer, and if the ITC passes steel import quota recommendations on to the President, Mr Reagan will be under heavy pressure to uphold them from various interests during the heat of campaign battle.

The car industry attempted the same strategy in 1980. However, just days before the election, the ITC determined that the industry's problems stemmed from high interest rates rather than imports.

As a former history professor, Mr Eckes views U.S. trade problems dispassionately, careful to avoid politics, partisanship and prescriptions.

He says that as an academic it was easy to provide quick solutions, but out in "the real world" he has discovered that these often cannot be implemented "for a variety of reasons having to do with the constellation of political forces."

Clearly, though, Mr Eckes is concerned about the ballooning U.S. trade deficit, and he warns in speeches that each \$1bn change in the trade balance affects 25,000 jobs. It calls him the U.S. is exporting increasingly more primary products



Mr Alfred Eckes

and importing more manufactured goods.

By traditional definitions, the U.S. is becoming a less developed country, he says. Its relationship with Japan, Korea and Taiwan is "reminiscent of the colonial trade pattern this country had with Great Britain in the 18th century."

Many of the older industrialised countries are becoming net agricultural exporters, he says, pointing out that Europe is the leading exporter of sugar and beef.

"What," he asks, "is the

principal item Britain ships to the U.S. — not Wedgwood China, not Scotch whisky, not cars. It's petroleum, and our second leading import from Britain was silver bullion."

Steadfastly resisting proposing solutions, he states and re-states what he sees to be a major world trade problem.

"The great dilemma is how do you integrate the countries of Asia with their state-of-the-art factories, highly-disciplined labour forces, cheap labour and product costs into a relatively open international economy in which tariff levels are low?"

"In the older industrialised countries, there are high levels of unemployment, especially in sectors where they simply have not invested adequately over the years in the new technologies, and there are antiquated work rules and high labour costs."

What has emerged, he says, on an ad hoc basis is various forms of voluntary or negotiated restraints, a trend he believes will continue as political pressures build up and dictate the outcome.

Mr Eckes seems unenthusiastic about the various proposals in Congress for the reform of U.S. trade remedy law. While acknowledging that minor revisions might be desirable, he says he is not going to advocate "sweeping" changes because "we've been able to administer the current law."

The barrage of trade complaints, he emphasises, is to a large extent justified because Governments and companies resorted to "a variety of practices that are unfair under international codes."

It is particularly a problem with the lesser-developed, heavily-indebted countries which are "inclined to undersell just to gain foreign exchange."

However, the chairman seems particularly adverse to granting relief which becomes permanent.

The great challenge is to give only temporary protection where the law and facts warrant, so that an industry can, in fact, adjust to orderly competition.

Meanwhile, he says, older U.S. industry must modernise. "I really don't believe, myself, that this nation is going to be a nation of hamburger stands, Chinese restaurants, laundries, banks and computer operators. I think we have to have some sort of manufacturing sector."

The ITC can assist in that effort with the expertise developed by its industry analysts, who study and report on competitive conditions and trade. The commission will not provide relief each time a domestic industry wants it, Mr Eckes says. "That is not our duty. We provide relief only when the facts and law warrant it."

British hotel group joins Hong Kong venture

By David Dodwell in Hong Kong

GRANDMET International Services, the wholly-owned subsidiary of Grand Metropolitan, the British hotels, brewing, foods and casinos group, has teamed up with Hong Kong's Fung Ping Fan group to mount joint ventures in Hong Kong and China.

Contracts won in the first two months of operation includes management of the Habin Hotel in Zhanjiang, on the South China coast near Hainan Island, which is being enlarged and refurbished with a HK\$111m (£10m) syndicated loan headed by the Hongkong and Shanghai Banking Corporation.

In Hong Kong, joint ventures include an industrial catering contract for the recently-completed Citicorp headquarters. Mr Philip Morley, who heads Grandmet International Services in Hong Kong, said yesterday that three joint-venture companies have been formed with Fung Ping Fan, a long-established private trading group with extensive experience of business in China. These are GF International Services (HK), GF International Services (China) and GF Property Services. Contracts signed in the first months of operation will generate turnover of £3m a year.

Call for delay in new round of GATT talks

By Anthony McDermott in Geneva

DEVELOPING nations meeting in Geneva yesterday received a broadly sympathetic response to their plea that a new round of multilateral trade negotiations be put off until the outstanding business of the last round, the Tokyo round of 1973, is completed.

At the monthly Gatt council meeting, Uruguay argued that the international economic environment for trade was worsening "for developing countries in general."

Previous rounds of talks aimed at cutting back on restrictive trade measures had only made conditions more difficult for the developing world, it said.

It specifically called on Gatt nations "to lift any measures (which) have the effect of restricting exports of the developing countries to their markets."

Uruguay also called on Gatt's leading nations to "exercise utmost restraint" in counteracting anti-dumping procedures against products from developing countries.

Mr Kazuo Chiba, the Japanese ambassador, said it was "distressing" that progress had not been adequate in the Gatt work programme established at the extraordinary ministerial meeting of November, 1982.

U.S. officials told the meeting that textile shipments from Third World nations to developed countries were up 38 per cent in the first quarter this year.

U.S. officials privately are known to be hostile to the Third World position as outlined by Uruguay.

Ericsson wins Mexican telephone exchange order

BY DAVID BROWN IN STOCKHOLM

ERICSSON, the Swedish telecommunications and information systems group, has won an SKr240m (£21m) order to supply AXE digital telephone exchanges to the Mexican state telephone company, Telefonos de Mexico.

The order, which involves 14 local and transit exchanges as well as extensions to existing capacity, will give the country 130,000 new lines and will be filled by Ericsson's majority-owned Mexican subsidiary, Teledistribucion Ericsson.

Most of the equipment will be manufactured in Mexico, and will come into service in one year. Ericsson already has 300,000 AXE lines on order for delivery to Mexico this year and next, as well as 72,000 lines in service.

The group has installed or has on order a total of 10m AXE lines in 50 countries. Italcom, the joint venture in public switching between Italtel, the Italian state-owned telecommunication equipment

Mitsubishi in bus pact with Turkish group

THE Mitsubishi Corporation of Japan, and Temsa, a subsidiary of the Sabanci Industrial group, yesterday signed an agreement under which Temsa will distribute Mitsubishi vehicles in Turkey and manufacture

new road and anti-dumping duties there from 1985, David Barchard reports from Ankara.

Under the distribution agreement, Temsa will import Turkish lira 3.5bn (£7.5m) worth of passenger cars, station wagons and other vehicles.

The licensing agreement, whose value was not disclosed, will enable Temsa to manufacture Mitsubishi 42-seater buses from 1985. Two thousand buses are to be produced with an annual capacity of about 500-600.

Romanian nuclear order for Canada GE

Canadian General Electric Company has signed a C\$38m (£12m) contract with Romenergo, the Romanian state-owned power authority, to supply nuclear reactor fuelling equipment, the Canadian Government said yesterday, AP-DJ reports from Ottawa.

The equipment is to be delivered over the next four years. The order is part of agreements between Canada and Romania for the construction of two Canadian-designed nuclear power stations in Romania.

Steel training centre

Voeest-Alpine, Austria's state-owned steel and engineering concern has won a Sch 1.3bn (£39m) order from Libya to supply a training centre at Libya's Misurata iron and steel complex, Reuter reports from Vienna.

The order was agreed at a recent meeting of the joint Austrian-Libyan commission.

By Geoffrey Murray

The Japanese term "sogo shosha" is now readily recognised in the global business community. It is commonly translated into English as "general trading company". But this no longer really conveys the true scope of the activities of the nine leading sogo shosha, who have played a key role in Japan's postwar emergence as an economic and trading giant. The nine currently handle about 60 per cent of Japan's imports and half its exports. This has been their traditional role. But, as the business environment has undergone drastic changes, the trading firms have diversified in innumerable ways. They have become truly multinational. Isao Yonekura, President of C. Itoh, defines the sogo shosha role today as "making possible the smooth international movement of resources and in designing new projects and new enterprises. The shosha have the means to bring together and organise enterprises, materials, technology, personnel, communications and funds necessary to carry out business enterprises and projects on a global scale". C. Itoh currently has an annual turnover in excess of £40,000 million from the activities of only about 10,000 staff in Japan and some 90 other countries. It has come a long way from its roots as a textile wholesale company founded in 1858.

Murray: How would you describe the business environment in which you now have to operate?

Yonekura: It has taken the world economy a long time to recover from the 1973 oil shock, but it seems the period of adjustment is now completed. One result, however, is that the era of high economic growth is definitely over. There is a popular saying in Japan that the age of the "heavy, thick, long and big" is over and we are now coming into the age of the "light, thin, short and small". In other words, we are moving away from heavy industrial activities based on bulky raw materials like coal and iron ore into areas based on high technology, such as electronics, ceramics, biotechnology and new materials. The sogo shosha traditionally gained their profit from dealing in the heavy, thick, etc. But the relative weight of these activities in our current business is declining. This is one of the biggest changes that has taken place in the business environment for us. I'm not suggesting the "heavy" business will disappear. We still need basic materials, and the handling of these will remain a major pillar of our business. But it is also true that if you try to maintain the status quo you

will eventually disappear. So there have to be extremely active measures to move in the direction that society is going: towards the high technology sector.

"Winter Of The Sogo Shosha"

Murray: There is a popular expression in Japan nowadays, "sogo shosha fuyu no jidai", meaning the trading companies are entering their winter... that they are doomed to inevitable decline as business needs change. I'm sure you don't agree with that sentiment?

Yonekura: Not at all. I think the need for the sogo shosha will actually increase in the future. Trading houses dealing in business on a worldwide scale are phenomena peculiar to Japan, although some countries are now trying to adopt a similar approach. In discussing the future of the sogo shosha, we have to consider the future of Japan itself, what Japan has to do in order to maintain its prosperity and the current high standard of living enjoyed by its people. Basically, Japan can only prosper in an environment of free trade and peace. It has to ensure these conditions through economic cooperation, technical transfers and the enlargement of mutual trade. And this is directly related to the role of the sogo shosha. Our role can be summed up in four ways: (1) marketing, finding out what we can buy from and sell to every country in the world; (2) merchandising, or the selection of products suited to each market; (3) logistics, the methods of moving products around the world; and (4) financing assistance for importers and exporters. I could cite the example of economic cooperation with developing countries, where we can provide them with the financing and technical skills necessary to build up a social infrastructure. Many



Isao Yonekura, President, C. Itoh & Co., Ltd.

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countries are suffering from accumulated debts and need counter or barter trade in order to cope. We can come into the picture here as organisers of such trade, and, in fact, we have been asked by many American and European companies to help them with this problem. So, although there is admittedly talk of the sogo shosha facing their winter, I think they actually have a great many new roles to play. Actually, you could say we are always in a winter age because the environment is so competitive and profits are small compared to sales. We always have to be thinking up something new to do to keep one step in front of the competition. We have always operated in a keenly competitive market, where our only assets are brains and ingenuity.

"The Multinational Role Is Growing"

Murray: Increasingly you are operating in a multinational role totally removed from the Japanese environment. I am thinking of your activities in offshore trade and in the organising of international consortia.

plans for major construction projects.

Yonekura: Yes, I think many people have an image of the sogo shosha as just handling the import of raw materials and export of finished products for Japanese companies. In fact, we have been involved in third country trade for many decades and this aspect is growing, especially with developing countries seeking new foreign markets for their products. The same applies to overseas industrial and construction projects. One example is our involvement in a Middle East construction consortium, where we brought together a South Korean construction company and advanced Italian technology with great success. Another case involves the construction of an LPG plant in the Middle East. The basic technology was provided by an American chemical company, and we helped the Middle East country concerned arrange the necessary financing, with the end product mainly intended for Japan. I see this type of organising developing more in the future.

Murray: Another aspect of increasing importance is that the sogo shosha are no longer just handling other people's products, but are developing a great many of their own. C. Itoh, for example, is very active in electronics. Just how important is this activity?

Yonekura: In fiscal 1983 (ending March 31, 1984), our two electronics divisions had total sales of 450 billion Yen (£1,400 million). We also have 18 electronics subsidiaries in Japan, Europe and the United States, which contributed another 250 billion Yen (£780 million). Our aim is to push total sales up to one trillion Yen (£3,100 million) by fiscal 1985. We have been in the electronics business for the past 10 years, and have now gained considerable expertise in a wide range of product categories, such as integrated circuits, office automation equipment, robots and mechatronics.

The electronics group is a major pillar of our business, generating substantial profit. Each subsidiary specialises in a particular product, while the head office works out basic strategies and develops the necessary R and D capability. We are by no means merely an agent of other manufacturers, but have them produce hardware to our specifications for sale under the C. Itoh brand name. Another important area is our tie-up with the American Hughes Aircraft Corporation for space satellite development. We see this as a very important business in the near future. For example, the Japanese banks are keenly interested in development of a satellite that would give them guaranteed communications in the event of a major disaster like an earthquake plunging land communications into chaos.

"Importance Of Biotechnology And New Materials"

Murray: What about your activities in other high tech areas like biotechnology and new materials?

Yonekura: We have quite a lot of contracts in both areas now, but they have not yet come to the stage of generating big profit like electronics. Last year, we established a "New Technology Department" to watch developments in the fields of biotechnology (pharmaceuticals, medicine and seeds), and new materials (alloys, compound materials and ceramics). In biotechnology, we acquired an equity share in an American company, Integrated Genetics, Inc., which has developed a medicine to dissolve blood clots. We also made a capital investment in Repligen Corporation, a food-related American biotechnology firm, whose "super protein" product we want to introduce in Japan. We are closely watching other such developments in Europe and the United States.

Murray: To sum up, how would you describe your basic business philosophy?

Yonekura: The sogo shosha have to become enterprises effectively providing a comprehensive range of goods and services on a worldwide basis, utilising skills as a trader, investor and developer in harness with the latest technology and best communications and data processing systems. There are two Japanese proverbs which I constantly repeat to my staff to govern their activities. It's hard to translate proverbs into another language at times, but in essence the ideas are that "poverty is a stranger to industry", and "to merely maintain the status quo is to fail".

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UK NEWS

British Airways starts search to replace fleet of TriStars

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has begun a study of medium to long-range jet airliners with a view to possibly buying some in the later 1980s as replacements for its ageing fleet of Lockheed three-engined TriStars.

The two types now being studied are the U.S. Boeing twin-engine "extended-range" 767, and the European Airbus A-310-300, also an extended range aircraft.

A technical team from British Airways, headed by Mr A. Cumming, engineering director, is visiting Airbus Industrie's headquarters in Toulouse this week, and is going to visit Boeing later this summer.

The aim of these talks is to discover precisely what each aircraft can do. It is on the basis of that information that further discussions, including such matters as price and delivery dates, would be held, before any order is likely.

BA stresses that no decisions

have yet been reached. But it adds that hitherto it has concentrated on settling its big short-haul fleet needs, replacing smaller ageing Tridents and One-Elevens with Boeing 737s and 757s.

Now, with 17 ageing long-range TriStars in its fleet (some of them have been in service since the early 1970s), the airline recognises the need to consider long-range equipment replacements.

There is no question of replacing the 28 Jumbo 747s, which will be the mainstay of the long-range fleet for many years to come.

But there are many long-haul routes, such as those to the Middle East, India and Africa, where aircraft as big as Jumbos (which seat over 400 passengers each) are too large, and it is on those routes the three-engined TriStars have been used.

By the time the airline comes to

place an order for a new long-range jet, perhaps in 1985-86, the TriStars will be approaching in some cases 15 or 16 years of age, which is considered a long life by airline standards.

Moreover, because the TriStars are now no longer in production by Lockheed of the U.S., the cost of spares is rising rapidly.

The two new aircraft now being studied are regarded by many airlines as ideal for long routes with low traffic densities. Both the Boeing 767 ER and the A-310-300 seat around 200 passengers, with a maximum range of over 5,000 miles.

They can be used non-stop between London and Chicago, Nairobi, New Delhi and other U.S., Middle Eastern and African cities, where long-range and non-stop performance is important but where passenger loads are not so high.

Airbus order for Rolls-Royce

BY OUR AEROSPACE CORRESPONDENT

THE NEW A-320 European Airbus will use the new V-2500 international aero-engine now being developed at a cost of £750m by Rolls-Royce together with Pratt & Whitney and other companies.

An agreement to this effect was signed in Toulouse on Tuesday between Airbus Industrie, builder of the A-320, and International Aero-Engines, the group set up by Rolls-Royce and its partners to build the V-2500.

The part provides for the A-320 to

be offered worldwide with the V-2500 from the start. This means that customers for the aircraft will be offered a choice between the V-2500 and its rival, the Franco-U.S. (Sneema-General Electric) CFM-56-4 engine.

The V-2500 will be offered to airlines in two power ratings - 25,000 lb of thrust and 23,000 lb, which will allow the engine to be offered in a range of new and existing airframes.

The higher thrust engine will suit the A-320 and the McDonnell Douglas MD-80.

The lower rating will be suitable for such aircraft as the Boeing 737 and any future aircraft that Boeing may produce in the short-range category. Eventual growth to 27,000 lbs thrust is also planned.

In addition to Rolls-Royce and Pratt & Whitney, companies involved on the V-2500 include Fiat Aviazione of Italy, Motoren und Turbinen Union of West Germany and Japan Aero-Engines.

Health-care industry 'faces upheaval'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE KIND of "technological discontinuity" which upset the electronics industry between 1955 and 1975, when the transistor replaced the vacuum valve, was beginning to affect the health-care industry, a McKinsey consultant warned at Biotech 84, the international biotechnology conference at Wembley, London, yesterday.

Mr Richard Barker forecast that the upheaval would spread as biotechnology "acquires progressively more powerful tools."

The companies which survived the biotechnology changes successfully would be those which responded to three major business challenges.

One was to set a technology strategy in terms of a balanced portfolio of projects "which will

generate long-term economic value, an acceptable cash flow, and have a manageable risk profile.

Another was to establish business operations which included a system "that delivers new products efficiently to the market, while capturing a maximum share of the economic value for the venture."

The third was to shape a new organisation which encouraged idea champions and supported and managed them well.

McKinsey's experience in advising companies "across the biotechnology spectrum" was that both the new biotechnology firms and new technology units within established companies needed to address these three issues now, if they were to survive and flourish, Mr Barker said.

Coventry asks for assisted area status

By Arthur Smith

BUSINESS, trade unions and local authorities in Coventry and Warwickshire have united to urge assisted area status by the Government for the 480,000 people who live in and within commuting distance of Coventry.

A submission to the Government published this week highlights "the extent of economic and social devastation" experienced over the last few years. It warns: "There are serious and potentially dangerous social problems in the area, caused partly by economic decline."

The report says that the sub-region, highly reliant on industry, saw manufacturing employment almost halved - the loss of 53,000 jobs - in the period 1974 to 1982.

Janet
and John



This is Janet. This is John.



Come John, come.
See Father's office.
See how big it is.
See the nice machine.



Come John. Press the button.
Press the button, John.
See it light up.
See the nice pictures.
See all the words.



I like the machine.
Turn the knob.
Look John. Another picture.
Press the button.
See how the copy comes.



See how quickly the pages go.
They go very fast.
Go fast, machine.



Good-bye, machine!
Good-bye!

ELEMENTARY IT MAY BE, BUT YOUR COMPUTER COULDN'T COPE WITH IT.

Our little story may seem rather simple. But it's a combination of elements that many computers can't handle.

Words. And pictures.

On the Agfa microfilm system, however, it's no problem storing and reproducing an accurate photographic record.

Yet it takes a computer with sophisticated laser-scanning equipment costing thousands of pounds to achieve even a reasonable reproduction.

In the story itself, Janet & John demonstrate microfilm's other great advantage: how simple it is to use.

Microfilm users don't have to be au fait with all the latest jargon or go through weeks of training. Maintenance, too, is child's play.

The bottom line is that, when you're handling certain kinds of data, microfilm can save you lots of time and money.

The scale of your operation doesn't matter. You can start with a single microfiche reader, or go as far as one major company we know whose system stores over 80 million documents.

Not that we've got anything against computers. Far from it.

For instance, the LK16B Reader-Printer that stars in our tale uses a micro computer to help you retrieve information in split seconds.

Whatever your data storage needs, there's almost certainly some way Agfa Microfilm can help do the job more simply.

And more cheaply.

To see the new range, just phone 01-560 2131. Or write to Agfa Microfilm, Office Systems Division, 27 Great West Road, Brentford, Middx. TW8 9AX.

What could be simpler?

Agfa Microfilm. So advanced, it's child's play.

Agfa

Every month 1,000 companies go bust. You can't always blame the economy.

According to a recent report in a financial newspaper, companies go to the wall for all manner of reasons.

In many cases the economy has little to do with it.

Those popular whipping boys, the Government and the unions, don't even get a mention. Nor should we automatically point the finger at the EEC or the microchip.

For the most part, the bald truth is that when companies get into trouble they have only themselves to blame.

Mismanagement of stocks. Lack of capital. Setting up in the wrong location. Lack of trust and communication between managements and their accountants. Too rapid and under-researched expansion. Old-fashioned production techniques. And so on.

The same blunders crop up time and again.

How do level-headed, hard-working businessmen get themselves into such a jam?

HOW MISTAKES ARE MADE.

In our experience, it's not just that managements make the wrong decisions.

Increasingly they are making decisions too late.

Usually because they are short of information.

Or the information is in the wrong form. Or it's in the wrong place.

What this calls for, we believe, is nothing less than a root and branch reorganisation of working procedures.

And a lot of companies agree with us.

Over 200 of them in Britain are already using Hewlett-Packard office systems to improve their productivity.

Be under no illusions. This goes much further than a computer for the accounts department and a word processor for your secretary.

It's a way of making available at a moment's notice every scrap of information you need to make decisions.

A BETTER WAY OF WORKING.

We'll provide you with the means to create, revise, store, print, retrieve and distribute letters, reports, mailing lists, graphs and charts without moving from a desk or lifting a telephone.

And this refers to material stored not just ten floors below but written five minutes ago in an office on the other side of the world.

Effectively, almost every task your staff perform can be speeded up.

WHERE DO YOU START?

First you have to decide what needs to be done.

And that depends on your type of business, the number of people you employ and how many computers you have already.

(Incidentally, Hewlett-Packard computers are compatible with other makes of computer, so we can usually incorporate those you are currently using into our system.)

Initially, we like to explain in general terms the service we provide.

We'll then invite you to our international headquarters in Berkshire to discuss specific applications and see all our products in action.

It's much more than a demonstration.

Our own business procedure is built around an Office Automation System, enabling us to test everything we make in a real working environment.

(Not the case with all our competitors. They don't always practise what they preach.)

Next we like to spend two or three days looking at the way you

work, studying your office layout and talking to your staff.

Up to this point it won't have cost you a penny.

If you wish to take things further, we'll carry out more studies and present our findings in the form of an analysis report.

In this report we commit ourselves to assessing both the short-term and long-term benefits your company will derive from employing Hewlett-Packard.

With our reputation clearly on the line, you can bet we make sure we get it right.

WHAT FORTUNE SAID ABOUT HEWLETT-PACKARD.

In the United States we are known as one of the pioneers of computer systems.

In a recent poll, readers of Fortune Magazine placed us ahead of our rivals on a number of counts: the quality of our products, the service we provide, new ideas and our ability to attract and keep the most talented people.

We came to Britain twenty years ago, since when we've quietly established ourselves as a leader in Office Automation Systems.

We have training and support personnel in 25 service centres in Britain. They are on call twenty-four hours a day, seven days a week.

Sooner or later, all companies will get around to investing in Office Automation.

The worry is that your competitors may have decided to do it sooner.

Either phone us on 01-935 6109 during office hours or telex our Office Automation Programme Manager, on 848805.

Or for your information pack, write to Enquiry Section FT3, Office Automation Systems, Hewlett-Packard Limited, Eskdale Road, Winnersh, Wokingham, Berkshire RG11 5DZ.

 **HEWLETT
PACKARD**



UK NEWS

£25m pilot scheme to develop pollution-free power station

BY MAURICE SAMUELSON

BRITAIN'S electricity and coal industries are to co-operate in a £25m pilot scheme aimed at eliminating pollution from coal-fired power stations.

The money is to be spent on an experimental 80 megawatt power station at Grimesthorpe, Yorkshire, which burns coal in a pressurised fluid bed boiler, as opposed to the conventional form of combustion.

In fluidised bed combustion, the fuel is burned on a turbulent red-hot bed of lime or sand, which traps many of the coal's impurities which would otherwise be released into the atmosphere.

They include sulphur dioxide and nitrogen oxides, alleged causes of "acid rain", which has been damaging forests and lakes in Scandinavia and on the European continent. The Grimesthorpe programme is unlikely to satisfy the environmentalist lobby in Britain and in continental Europe which wants immediate steps to reduce pollution from existing fossil-fired power stations in the UK.

Both Mr Ian MacGregor, the National Coal Board (NCB) chairman, and Sir Walter Marshall, chairman of the Central Electricity Generating Board (CEGB), argue that such steps, in addition to raising the cost of electricity, are premature since scientists have still to verify the link between power stations and the ecological damage attributed to acid rain.

The NCB and CEGB are also jointly funding a £5m independent research programme into the causes of acid rain to be conducted by senior scientists from the Royal Societies of Britain, Norway and Sweden.

The new initiative at Grimesthorpe follows a £60m programme carried out there over the past nine years, under the auspices of the International Energy Agency, by the U.S., UK and West Germany.

As well as continuing research into environmental matters, the new NCB/CEGB programme is expected to see whether the plant's electrical output can be raised by using the gases from coal to drive a turbine, in addition to the main turbine driven by steam. This would greatly increase the efficiency with which the coal is converted into power and improve the economics of coal-fired electricity.

The plant has already demonstrated that 90 per cent or more of the coal's sulphur content can be retained, while the nitrogen oxide levels are well below the standards of the U.S. Environmental Protection Agency.

The joint NCB/CEGB project at Grimesthorpe is due to start next January.

Computer claims cause complaints

By Feena McEwan

THE UK may boast the highest home computer operation in the world but, when it comes to the advertising of that market, there's little to shout about except foul play.

For the first time advertisers of computers for the home, including software and hardware, have catapulted into the top end of the table of offenders compiled by the Advertising Standards Authority, the industry watchdog.

Of the 490 complaints received last year by the ASA - that is 5 per cent of its total number - 69 were upheld, placing the sector fifth behind car and car accessories, holidays, travel and financial advertising. "A development we now view with some concern," says the authority in its annual report to be published next week.

Furious growth of the market has caused chaos and confusion in some advertising quarters producing, the authority says, some "ambiguous," "recklessly misleading," and "downright deceptive" advertising that give the industry a bad name. Today's advertisers, says the latest ASA case report, range from "the large and well-known computer manufacturers and marketers to the bright lad who devises saleable programmes." The report suggests that much software and peripheral accessory developments appear not unlike a 19th century cottage industry.

Complaints come in all forms. There was the ad declaring "Sharp proudly announce the computer that can eat breakfast," which one complainant challenged, or the Apple ad which suggested "the businessman could have a natural language dialogue with his computer." The complainant said he didn't know they could talk yet. Such submissions were not upheld on grounds of humorous licence.

The main three offences were advertisers unable to supply the volume of goods to meet the response to their ads, hardware not delivered in the statutory 28 days, and advertisers who offered hardware and peripheral accessories that had never been through the development stage.

Monsanto plans £35m UK microchip venture

BY JASON CRISP

MONSANTO, the U.S. chemicals group, announced yesterday that it is to invest £35m in the UK in a research and manufacturing plant to make silicon wafers for the semiconductor industry.

Monsanto is one of the world's largest suppliers of silicon, the material used in microchips. Earlier this year one of its major competitors Shin-Etsu Handotai of Japan said it would spend £30m building a silicon wafer plant in Livingston, Scotland.

Both companies have said they are building the plants in the UK because of the rapid growth in microchip production here. A number of overseas companies already have, or are building, semiconductor plants in Britain, including National Semiconductor, NEC, Philips (Mullard) and Motorola. UK microchip producers include Immos, Plessey, GEC, and Ferranti. Monsanto estimates the UK accounts for about 35 per cent of European microchip production.

Microchip companies in the UK have had to import their silicon needs. The main suppliers are Wacker in West Germany, Monsanto itself and Dynamite Nobel in Italy.

The British investment by Monsanto is to be followed by new plants in Japan and South Korea. All three are expected to go into production next year. Monsanto has already invested £250m in plant and equipment to make silicon wafers in the past five years, and has two plants in the U.S. and one in Kuala Lumpur, Malaysia.

Monsanto expects silicon sales to be over \$200m this year, benefiting from the current boom in the semiconductor market and rising to \$750m in five years. This compares with Monsanto's total turnover last year of \$6.3bn. The company claims to be the largest producer of silicon in the world.

The new Monsanto plant will be built on a greenfield site at Milton Keynes and will employ 130 people rising to 400 by 1990. Initially the company will clean, polish and check silicon wafers imported from other plants. Eventually the UK plant is expected to grow the very pure silicon crystals needed to make the wafers.

The Monsanto research facility which is to be established in the UK is expected to work with Cambridge, Oxford and London universities.

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BA says it will accept competition

By Michael Donne

BRITISH AIRWAYS remains in favour of competition on UK internal and international air routes, but only where this results in an overall strengthening of total UK air transport effort.

Where such competition results in a weakening of that effort, by dissipating the strengths and resources of the UK airlines, it is undesirable.

This theme emerges from the British Airways' response to a request from the Civil Aviation Authority (CAA) for further comments on the current civil aviation policy review. The CAA recently published its interim views, following a study of initial airline replies to its first questionnaire, and sought additional opinions.

BA makes it clear that it is not frightened of competition.

BA argues that its current powerful position in world civil aviation is a major asset to the UK. It rejects independent airlines' claims that its strength creates an "imbalance" in the UK airline industry, and it also rejects arguments that some of its routes should be taken from it and given to British Caledonian and other independents.

BA flatly tells the Civil Aviation Authority that it is wrong on some of the points it makes in its interim assessment of the UK civil aviation situation.

"To speak of competitive imbalance implies that there should be some state of balance, and that to achieve it, some kind of levelling is desirable. The arguments for this have not been made out. The actual evidence is that BCal and other UK airlines have not been inhibited from considerable growth in recent years."

"British Airways is not against solutions which are founded on the benefits of competition, where such solutions are appropriate."

"We are against a policy which proposes the distribution of competitive opportunities to other airlines merely for the purposes of encouraging such airlines to grow at the expense of British Airways."

Short Brothers, the Belfast-based aircraft manufacturer, has set up with a syndicate of London banks a £25m revolving fund to enable airlines to buy more easily its Type 380 36-seat commuter airliner.

tem works - and that means if those countries do not send too many unwelcome visitors - it will be extended to a much larger range of countries.

Although Americans have the right to enter many major countries in the world, including Britain, without visas, the U.S. preoccupation with illegal immigrants has prevented a reciprocal arrangement.

New figures out this week suggest that 5.2m Americans will visit Europe this year.

ICL and AT&T will link network service

BY JASON CRISP

ICL, THE LARGEST British-owned computer company, and American Telephone and Telegraph, the U.S. communications giant, are to co-operate in the provision of value-added network services.

Value-added network services are one of the fastest growing and most important areas in computers and communications. They provide any extra service on telecommunications networks, ranging from a simple answering service to electronic banking.

ICL is building its communications network for such services in Britain by leasing telephone lines from British Telecom. The company is now to buy a range of equipment for the network from AT&T International, the company's overseas marketing unit.

ICL will link its network to AT&T's network in the U.S., Net 1000. The two companies hope multinationals will use the networks for services between the two countries.

The first major use for ICL's network will be to enable members of the Article Numbers Association to communicate with each other electronically.

It means major retailers and suppliers will be able to send orders, invoices and credit notes to each other electronically via the network. ICL hopes its service will cut postal costs dramatically.

ICL's network will use the Open Systems International Standard (OSI). It means that customers with equipment from companies backing that standard will be readily connected to the network.

The ICL-AT&T link brings the computer company into strong competition with IBM, the world's largest computer group. IBM is expected to be a major force in value-added network services worldwide.

It is also in a very strong position in Britain and has been in talks with British Telecom.

Sir Michael Edwards, chairman of ICL said: "ICL and AT&T believe the introduction of this network will provide additional impetus to OSI acceptance. It will stimulate the UK network market as ICL and AT&T combine their skills in the electronic movement, management and processing of information."

The British Government has opened up the market for value-added network services in Britain as part of the general liberalisation of telecommunications which stemmed from the 1981 Telecommunications Act.

Racal to hold down mobile phone charges

By Geoffrey Chelish and Jason Crisp

RACAL'S charges for its new cellular radio mobile telephone service, to be launched early next year, are to be substantially lower than expected. But the company is taking a more cautious view of the market and expects to sell about 10,000 systems in the first year.

Racal-Vodafone, its cellular radio subsidiary, announced that the mobile telephone service will cost £33.50 a month (£782 a year). This is significantly less than existing radio telephones services and is less than half the price predicted by a leading market research company.

Racal-Vodafone is one of two cellular radio systems licensed by the Government. The other is an equally-owned joint venture between British Telecom and Securitor - TSCR - which has not yet announced its pricing.

The Racal announcement will put pressure on TSCR to keep its prices low. British Telecom and Securitor announced this week that they were buying Japanese mobile radios for their cellular system. Both companies are buying from NEC, the leading Japanese supplier of mobile radio equipment.

And who's going to pay for my IBM Personal Computer?

UK NEWS

Energy Minister urges miners to end dispute

BY JOHN LLOYD AND MAURICE SAMUELSON

THE GOVERNMENT and the National Coal Board (NCB) both made conciliatory gestures yesterday towards the National Union of Mineworkers (NUM), amid signs that efforts to find sufficient common ground for talks in the mining dispute are continuing.

Mr Peter Walker, the Energy Secretary, in the warmest appeal by a government minister to the miners since the strike began 10 weeks ago, urged them to return to work. He claimed that their industry stood on "the brink of growth and prosperity."

Mr Walker described the strike as a tragedy and appealed to every striker to consider whether the strike had been justified. If they did so dispassionately, he said, "then I believe this strike would soon be over."

Mr Walker went so far as to praise the industry's "immense community spirit" to which the country owed so much.

Mr Ian MacGregor, the NCB chairman, said of the miners: "I do not think we are very apart - a great deal of rhetoric has been spoken that is not related to the situation."

He denied any knowledge of talks between the NUM and the NCB, but it is clear that there have been feelers between the two sides at area as well as national level. Possibilities for a compromise are being canvassed by NCB management.

It is generally recognised, however, that serious negotiations will not begin until members of the dominant left wing on the NUM's executive begin to doubt the strike's ultimate success.

Mr Neil Kinnock, the Labour Party leader, yesterday described the miners' strike as the bitterest in Britain since the second world war. He condemned violence on the picket lines and intimidation of non-striking miners.

Lonrho in new move to gain control of Fraser

BY JOHN MOORE, CITY CORRESPONDENT

LONRHO is resuming its long-running battle for control of House of Fraser, the stores group which includes Harrods in London, with a plan to pack the Fraser boardroom with directors nominated by Lonrho.

If successful, the proposal would leave directors linked with Lonrho in a majority on the House of Fraser board.

Professor Roland Smith, chairman of Fraser, yesterday hit back at Lonrho's move, which represents another initiative in one of the longest-running inter-company disputes in British corporate history.

"This is a takeover of House of Fraser without using money," he said. "Lonrho are trying the first cashless takeover in Britain. If this move is successful Lonrho could have eight of its directors on the House of Fraser board."

Lonrho, which holds 29.99 per cent of the Fraser shares, is at-

tempting to secure the election of 12 of its own representatives to the Fraser board at the stores group's annual meeting on June 28.

Six of the 12 named yesterday, are Lonrho directors. They are Mr Edward du Cann MP, deputy chairman of Lonrho, Mr Robert Dunlop, Mr Terry Robinson, Mr Paul Spicer, Mr Robert Whitten and Mr Alan Ball.

Lonrho's new initiative seems to mark another attempt to force Fraser to float off the Harrods store from the rest of the group in a demerger arrangement.

"The purpose is to ensure that the issue of demerger is fairly put to shareholders, thus settling one way or the other the present differences," said Lonrho yesterday. "This cannot be achieved so long as the present board is unalterably opposed to demerger and refuses to accept that it is worthy of serious consideration."

Call for government inquiry into Nexos

By Jason Crisp

THERE SHOULD be a full government investigation into Nexos, the National Enterprise Board's office automation subsidiary which collapsed in October 1981 with losses of £31m, according to an influential all-party committee of MPs.

The call came yesterday in a report by the Public Accounts Committee, the parliamentary watchdog on government spending. The committee said: "We are far from satisfied that an explanation of the £31m loss has emerged or that everything was done to limit it. We accordingly recommend that the Department of Trade and Industry (DTI) should undertake a full investigation of the loss. We shall wish to examine the outcome of the investigation."

The comments are in a report on how the department monitors the British Technology Group (BTG) which has taken over the activities of the National Enterprise Board (NEB).

Nexos was a wholly owned subsidiary of the NEB set up at the beginning of 1979 to market and distribute office automation equipment. One of the main causes of the downfall of Nexos was an unsatisfactory supply agreement with Logica VTS, an associate company of NEB. Logica VTS, now wholly owned by Logica, the computer services group, developed and manufactured a word processor for Nexos.

The committee said it was surprised and a matter of concern that Nexos was tied at the outset to one word processor manufacturer and could not negotiate alternative supplies when that manufacturer failed to meet production commitments.

"We are concerned that neither the NEB, the private sector consultants, nor the DTI recognised sufficiently early the seriousness of the fundamental flaws in the supply arrangements."

The NEB's total investment in Nexos was £31.5m of which £15.7m was advanced less than 10 months before the company went into receivership. The NEB only recovered £500,000 of its investment.

The committee says while the NEB must bear the ultimate responsibility for the failure of Nexos the DTI should share part of that responsibility.

Pay settlements at 6% as earnings stay ahead of inflation

BY PHILIP STEPHENS

PAY SETTLEMENTS in Britain's manufacturing industry edged up to 6 per cent in the first three months of this year and average earnings for all workers are keeping well ahead of inflation.

The Confederation of British Industry (CBI), the employers' body, said yesterday that its pay database showed that the deals in manufacturing rose from 5.8 per cent in the last quarter of 1983 and from 5.7 per cent in the first three months of that year.

Separate figures from the Department of the Employment indicated that, over the whole of the economy, average earnings were growing by an underlying 7 1/2 per cent in the year to March, unchanged from the previous seven months.

Earnings in manufacturing were rising by an annual 9 1/2 per cent in the same month.

The department's figures are

boosted by overtime pay, productivity deals and bonus payments. Taken with the CBI data, they suggest that most workers in the private sector are unwilling to settle for pay increases at or below the present 5 per cent inflation rate.

The Government expects that further strong productivity gains will soften the impact of buoyant earnings on inflation, but it is concerned that settlements show signs of coming down in line with its forecasts of lower price rises.

The department's figures also show that employment in manufacturing is continuing to fall despite the strength of economic recovery.

The number of workers in manufacturing fell by 26,000 in the first three months of this year, reversing a trend which had brought the quarterly fall down to 14,800 at the end of 1983. These job losses are being offset by rises in the services sector.

Trident nuclear base in £350m expansion

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE MINISTRY of Defence yesterday announced a £350m expansion of its Clyde submarine base in Scotland to support the new Trident missile submarine force.

A fleet of four British submarines carrying the U.S. Trident missiles is to replace the present Polaris missile submarine fleet in the 1990s.

The latest plans for the Clyde submarine base at Faslane and Coulport are a slimmed down version of the original proposals in 1980 when the Government decided to adopt Trident.

In 1982 the Government decided that the servicing of the propellant stages of the missiles would be transferred to the U.S. This meant a saving of several hundred million pounds, according to the Ministry of Defence.

The 10-year development programme handed over to the local authorities yesterday covered large scale building at the main submarine operation base at Faslane on Gareloch and alterations to Coulport where Trident warheads will be kept.

The Ministry of Defence said that

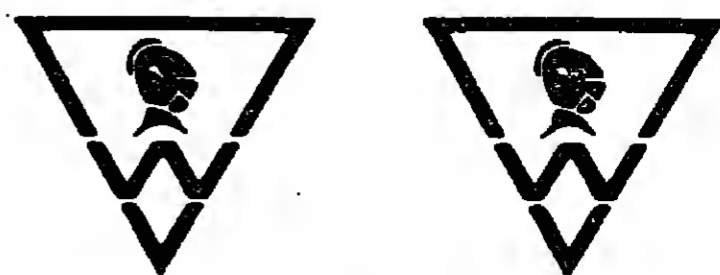
more than 1,500 jobs would be available when the construction work was at its peak in 1988 and naval and civilian staff would also be increased in the 1990s.

A further 750 jobs could be expected in the region as the base stimulated demand for local services.

Dumbarton District Council and Strathclyde Regional Council have opposed the Trident programme for the Clyde base. Strathclyde last year recommended that an independent watchdog committee be set up to monitor the safety aspects of the Trident programme in Scotland after conducting an independent study into the proposals.

The study also urged a report into the environmental implications of the building programme. The ministry yesterday responded with a 147-page environmental impact assessment which accompanied its notice of proposed development put to the local authorities.

Yesterday's ministry statement attempted to allay fears over the safety implications of the new expansion.



Spot the difference?

On the face of it, there is no difference.

Both symbols represent a depth of consultancy expertise unrivalled over nearly forty years. They stand for a company already making significant contributions in the manufacturing and service industries, and the public sector.

Same symbol, same company. What is the difference?

A quick glance at the base of this advertisement will provide the answer. In place of the familiar Knight Wegenstein, you will find a new name.

Knight Wendling.

We are not a company to make changes for changes' sake. We are still offering a unique combination of flair, imagination and sheer efficiency across the broad canvas of consultancy operations. We have no intention of altering our corporate philosophy - or the record of successful results we have been achieving since 1945.

But we will be entering our fifth decade strengthened by an injection of new skills, new energy and a new commitment to problem solving.

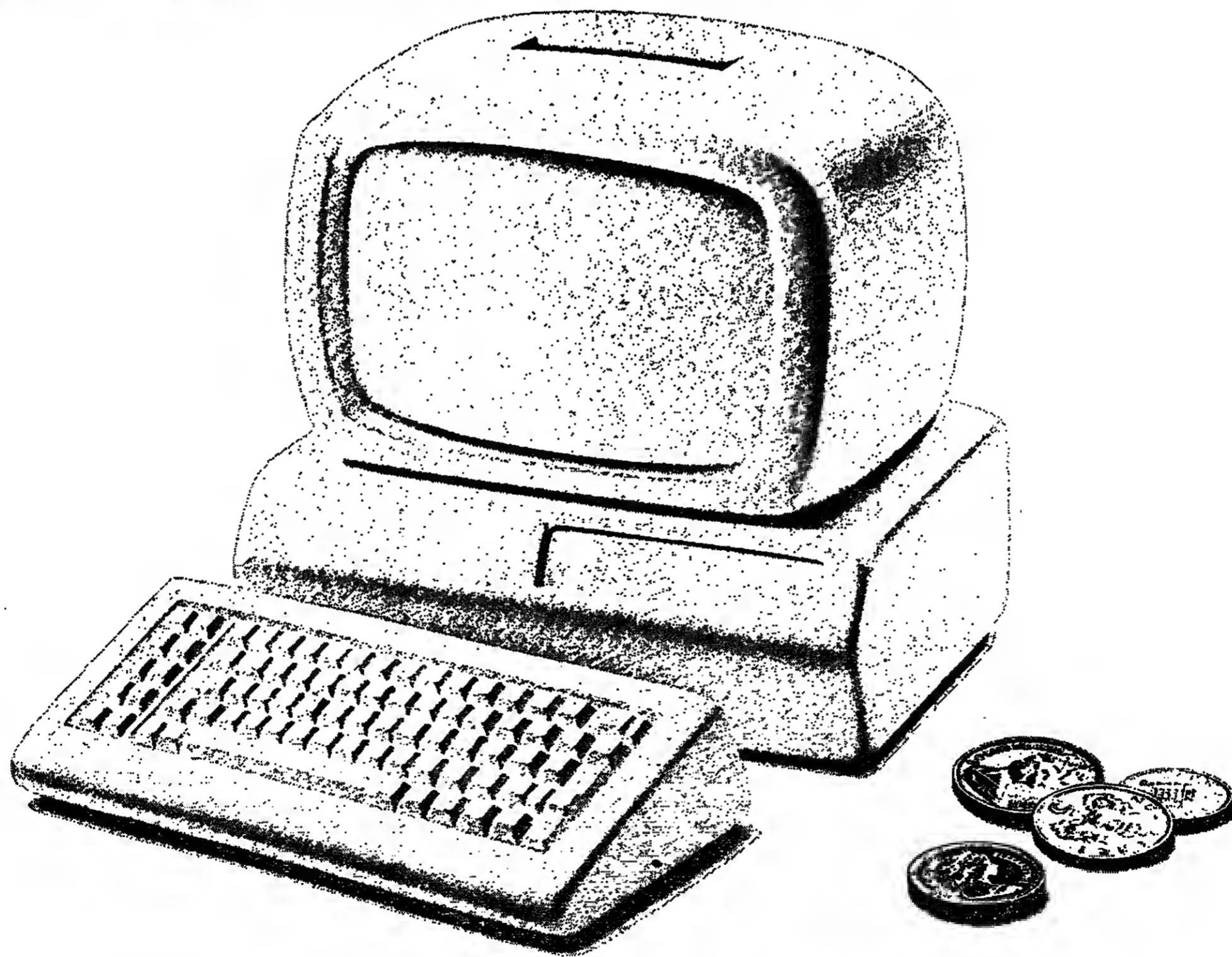
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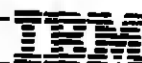
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TECHNOLOGY

EDITED BY ALAN CANE

AMBITIOUS ROBOTICS RESEARCH PROJECT

Bath engineers automate tap finishing

BY PETER MARSH

AN INDUSTRIAL robot with enough dexterity and finesse to polish complicated objects such as brass taps is the aim of an ambitious British research project due to end within the next year.

Walker Crossweller, a company in Cheltenham that makes shower fittings, and engineers at Bath University have collaborated on the project for three years. Walker Crossweller, one of Britain's biggest bath-room-equipment makers which turns out 350,000 showers a year, wanted to automate the crucial polishing stage in its manufacturing operations.

Each of the company's products typically contains some 20 brass parts. These are valves and other components that, for example, direct channels of hot and cold water in the correct proportions to the shower outlet.

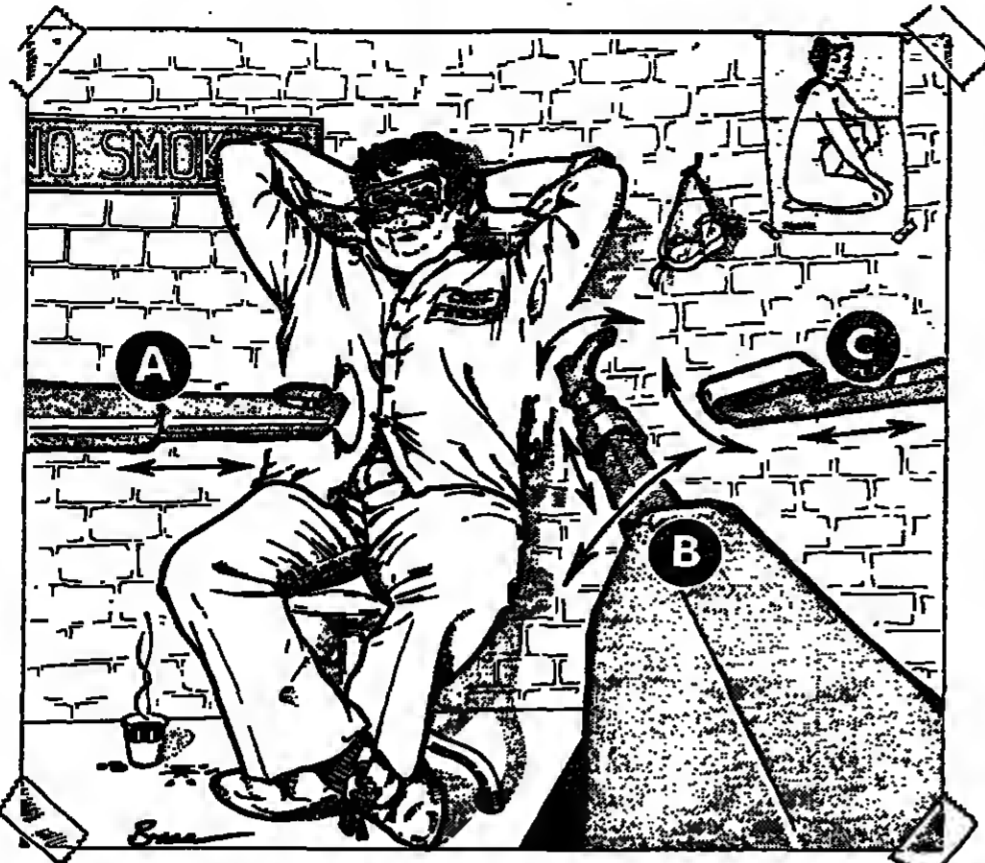
Walker Crossweller buys each year 1,200 tonnes of brass as either ingots or rods. The brass is initially cast into components of the right shape. Workers machine the parts, drill holes in them, or cut away segments of metal.

Polishing—or "scouring"—takes place after the casting and machining operations. Skilled workers hold the components against a rapidly revolving abrasive belt. This removes from the items rough pieces of metal left behind by previous manufacturing stages.

Polishing is vitally important. If components are finished badly, any surface defects may interfere with the operation of the shower. Parts that are visible are normally plated with a protective metal layer such as chromium. Any roughness in the brass will be replicated in the top layer and ruin the look of the product.

The company wants to introduce robots to polishing as part of an effort to bring to its manufacturing operations a higher level of automation.

Mr Dennis Arbon, the managing director, says that by 1988 he hopes to spend £750,000 on new computerised hardware. Draughtsmen will design new products with the help of computers and graphics terminals. Data about the components would form part of the instructions for computerised machine tools. The latter would fashion metal parts with less human intervention and to a higher degree of precision.



An ambitious British research project aims to develop robots that would polish metal items in the final stage of manufacturing processes. A camera (A) inspects an object such as a brass tap (B) and feeds the image to a computer that instructs an abrasive belt (C) to move accordingly.

In the research project, which has cost Walker Crossweller about £100,000 so far, a robot arm grips a component such as a tap or other fitting. The arm is controlled by stepper motors to move with three degrees of freedom—it can rotate, and move sideways or up and down.

A computer controls the arm together with the two other parts of the system—a vision module, which takes pictures of the metal item, and a rotating belt which can be held up against the component.

The module and the metal segment holding the belt are also controlled by motors. They can move with two degrees of freedom. Both can rotate, and also move back and forward.

Workers must initially tell the computer about the shape of the part held by the robot gripper. They do this with a mathe-

matical modelling technique devised by the Bath engineers. Ultimately, data from a computer-aided design system could directly feed to the computer details about the component.

The movements of the robot arm and the cutting belt are co-ordinated such that the latter smooths off pieces of metal from the metal item. The camera in the vision module then inspects the components.

By analysing the image, the computer in control of the operation pinpoints where the process has still left a rough surface. It instructs the cutting arm to refinish those regions of the metal object that still have defects.

The research involves a maze of intricate operations. For example, the Bath engineers had to design complicated software which ensures that the

vision system "recognises" defects with high accuracy. And the mechanical parts of the apparatus must be meshed together to ensure that all work in harmony.

According to Mr Alan Craddock, Walker Crossweller's works director, the Bath team has produced encouraging results. The drawback is that the

Smart card battery

TOSHIBA BATTERY, a subsidiary of the Japanese Toshiba Corporation said it has developed a sheet-type lithium battery thin enough to power in "smart cards," bank or credit cards with a built in micro-processor and memory.

At present smart cards — pioneered by the French —

equipment cannot produce a finish as good as a human polisher.

Although the hardware contains a "feedback" system that relays to the cutter and robot arm pictures of the item being polished, it lacks a similar facility to monitor the pressure with which the part is held against the rotating belt.

When people do the polishing, they monitor this pressure as a matter of course, varying it by imperceptible amounts. For example, a human worker would instinctively press harder to remove a particularly large piece of metal.

The Bath workers may have to introduce to their machine the mechanical equivalent of this natural feedback system. Walker Crossweller has given the university engineers another year to complete the hardware, at which point it could form the basis for a prototype system that would start work in a factory.

In another development, Walker Crossweller's 50-strong research department is working on techniques to bring electronics to bathrooms. The team is examining ways of controlling with small calculator-like terminals factors such as the operation of bath taps and even the level to which a bath is filled with water.

With such hardware, householders could order their bath to be filled from the comfort of their living rooms. The company is experimenting with these ideas in a secret bathroom in Cheltenham that is out of bounds to visitors.

Walker Crossweller aims to harness in this research techniques developed by Akron, a subsidiary company. The techniques sense pressure changes and the rate of flow of liquids for use in industrial applications.

operate off power provided from shop and bank terminals.

The new batteries, only 0.5 mm wide are also said to be suitable for ultra thin calculators and miniature radios.

Mass production will begin in late summer 1985, the company said.

NEW DEAL FOR SOFTWARE HOUSES

Wang banks on its office reputation

BY ALAN CANE

WANG, THE U.S.-based computer manufacturer, is making a determined bid for a share of the lucrative international banking systems market, dominated at present by a handful of UK software houses.

It represents a significant shift of approach for the company, best known for its dedication to electronic office systems. It was the originator of the video screen based word processing computer and its entire technological thrust so far has been towards better methods of creating, storing and transmitting information in the office.

In the past, it steered clear of providing computer systems dedicated to specific applications such as banking or insurance. Now it believes it must choose a number of vertical market sectors and work with software houses experienced in those sectors to create applications software which can be marketed, installed and supported by Wang as licensed products.

The new banking system—Wang/Priority—is the first of these products. Created by Priority Computing of Australia, the system has found favour in Australia and New Zealand, especially among the merchant banks.

Its list of customers includes: Chase-N.B.A. Group, Kleinwort Benson Australia, Rothschild Australia, Societe Generale Australia and Barclays Australia.

Wang has been searching for a suitable banking product to offer on its hardware for some time, it is understood. The present market leaders—ABS from Arab Bank from BIS and Kaniti from Hoskyns run either on IBM or Digital Equipment hardware. Last year, Wang announced that Kapiti was available on Wang computers, and the company has said it will continue to market the Hoskyns product actively.

Priority Computing, established for some years in Australasia and now incorporated in the U.S. (it has offices in Wang's Lowell, Massachusetts, offices) is a Wang systems specialist. Its banking software grew out of a system built for Barclays New Zealand. The involvement with Wang grew out of a chance encounter five months ago between Priority director Marvin

Percival and Wang international banking manager David Rance.

The system has yet to be sold outside Australasia, and Mr Percival and his team are "internationalising" the product in Lowell.

According to Wang, Priority will address seven principal banking areas: international bank accounting, foreign exchange, international money markets, loans, documentary and other credits, treasury management and securities processing.

David Rance says the worldwide market for such "second generation" banking products is about \$32bn. "And Wang intends to be one of the three major suppliers." (Second generation banking products in general take advantage of the difficulties in breaking into a market already dominated by well established competitors. Later in the year, for example, it will launch its own version of fault tolerant computing to counter Tandem's arguments that banking applications require a computer that never falters.)

It is also building up banking expertise in its sales team and interestingly enough—is marketing its system as actively to bank operations managers as to bankers. David Rance points out that Wang will provide both hardware and software for banking and office automation.

Wang's performance in breaking into the banking software business should give a first indication of how successful its new software marketing strategy will be.

It intends to differentiate the software houses it deals with into three groups: "recognized," "recommended" and providers of Wang Distributed Software (like Priority).

Recommended houses will operate closely with Wang, which intends to select three to five of them for each of its key applications markets—banking, insurance and manufacturing.

Metrology

Ferranti laser probe

UNDER DEVELOPMENT by Ferranti Metrology Systems, Derby, is a laser probe that can be used instead of the conventional contact probe on co-ordinate measuring machines.

Since there is no mechanical motion, measurements can be performed much more rapidly—at between 40 and 30 a second, depending on the computer used to process the results.

There is no contact with the measured part, so the risk of damaging it is minimal. The laser unit is mounted on a standard Renishaw motorised head and the beam is directed at the component profile at a fixed angle to the surface. A triangulation method using incident and reflected beams is used to determine the range of the surface.

The head operates at a distance of 20 mm from the measured surface; both the accuracy and the repeatability are 0.001 mm. More on 631 653 2321.

Electronics

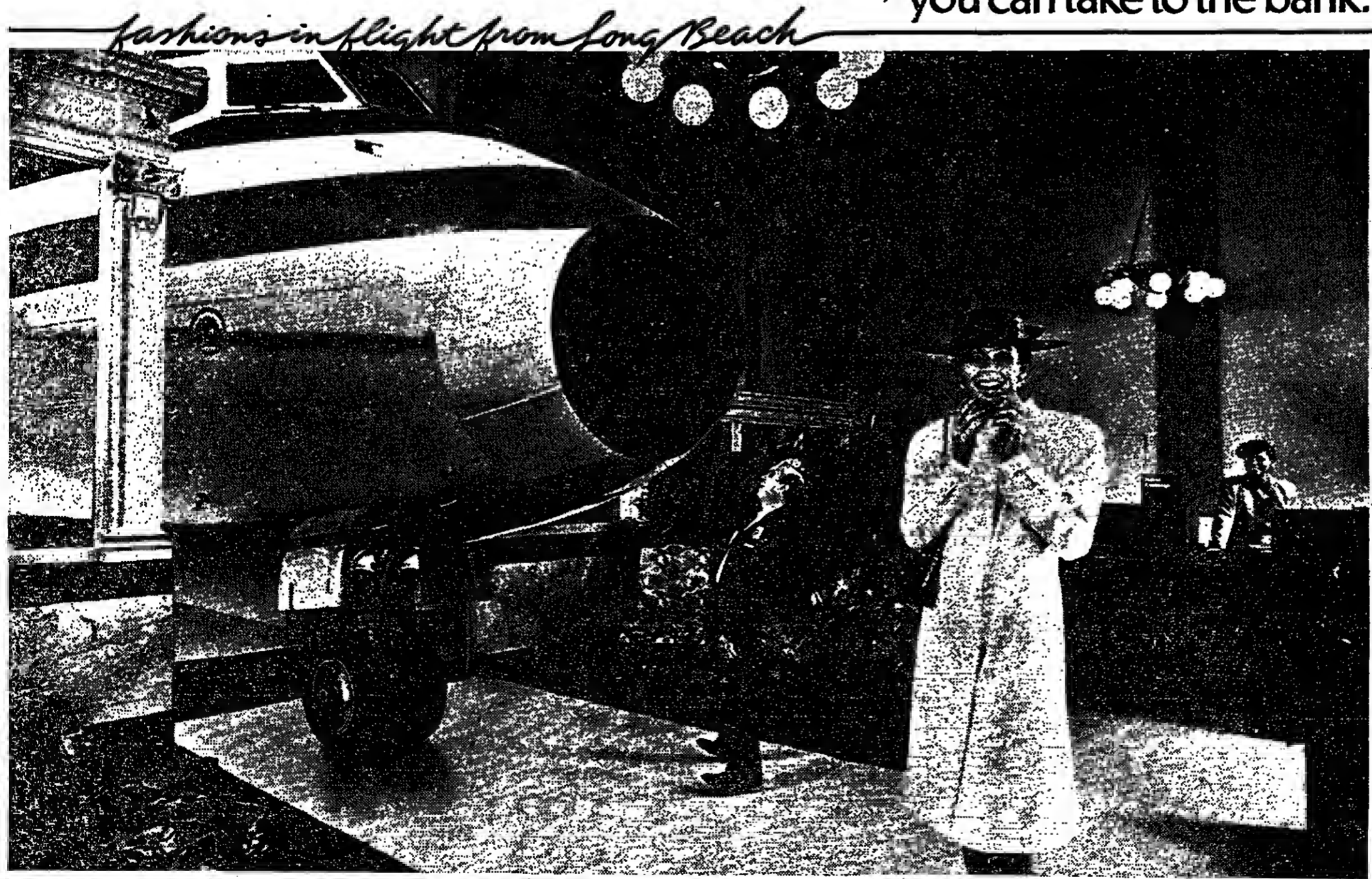
Fast circuits

AS MORE circuits are crammed on to a chip each must consume less energy than it did before, otherwise the chip, apart from becoming faster, depletes batteries at high speed or produces the need for cooling.

The engineers apply a "goodness factor" by multiplying speed by power—the speed power product.

The latest product from Intel, known as CHMOS-D III (it stands for complementary, high performance metal oxide semiconductor) has a speed power product six times better than the company's next-best technology and some 25 times that of 1977.

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For lovers of low risk, the proven design and new technology of the MD-80 yield an exceptionally reliable airplane.

When you invest in the MD-80, your collateral is a gem.

At last you can drive with verve in a van that runs on derv.

Diesel engines have always been famous for their economy. And for their toughness. But they've never been noted for their speed. Or for their refinement.

So our brand new 1.6 Light Diesel which was specially designed for our front wheel drive cars and vans is something of a breakthrough. It's hard to give precise performance and economy figures for vans because they vary so much depending on the load and operating conditions. But to give you an idea, when mounted in an Escort car, the new diesel does over 70 mpg at 56 mph* which is exceptional even for a diesel. It also has a top speed of over 90 mph† The van is capable of cheerfully cruising in the eighties which is more than fast enough!

As you'll see, our new diesel is also surprisingly quiet and runs very cleanly. So it should prove just as popular with your drivers as it will prove profitable for you. Any questions?

70 mpg!

Aren't you exaggerating?

No. As we've explained that's the official figure for the Escort car, and you'd be surprised just how good a figure you can achieve from the vans. Urban economy which might be even more important to you is also impressive. For example, the figure for the car is over 50 mpg.*

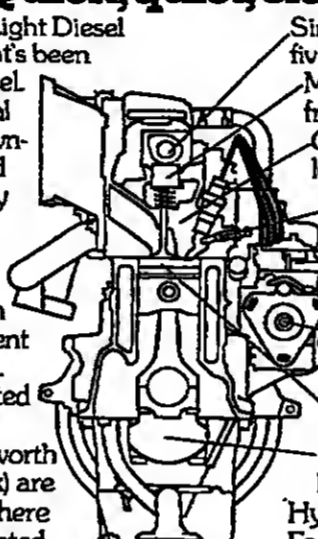
90 mph? That's pretty fast for a diesel, isn't it?

Yes, but the performance through the gears is what really counts. We've designed our new 1.6 diesel with a very flat torque curve, which, when combined with the standard 5 speed gearbox, gives you plenty of acceleration for

The new Ford 1.6 Light Diesel. Quick, quiet, clean.

The new Ford 1.6 Light Diesel is not a petrol engine that's been converted to run on diesel. Nor is it a big commercial diesel that has been 'downsized'. It is, in fact, a brand new design built specially for small cars and vans. And it's assembled on a brand new high technology production line in Dagenham. An investment of £140 million in Britain.

You might be interested to know that 50% of the engines we build there (worth around £1 million a week) are exported to Germany, where diesel engines were invented.



- Single overhead camshaft with five bearings. Reduced friction.
- Mechanical tappets. Reduce friction for better economy.
- Cast iron head. Reduces heat loss so improves efficiency.
- Glow plugs. For easy starting.
- Automatic injection advance. For smoother cold starts.
- Gear-driven fuel pump. Easy access for simpler servicing.
- 21.5:1 compression ratio.
- Counterbalanced crankshaft. Reduces vibration.
- Hydraulic engine mountings. For quiet, smooth running.

overtaking. You'll find you're easily able to hold your own in the cut and thrust of city traffic.

How have you made it so quiet?

By starting with a clean sheet of paper and making noise reduction one of our principal engineering objectives. The diesel noise problem was solved by a combination of advanced combustion chamber design, stiffening of the block, balancing the crankshaft and locating the engine on specially designed hydraulic mountings.

Aren't diesels a bit smokey?

Properly adjusted, a diesel engine should hardly make any more smoke than a petrol engine.

And, because the fuel flow is so precisely monitored by the

fuel injection system, the exhaust actually contains less unburnt fuel. It easily betters European emission standards.

How do you start it up in the morning?

Our new diesel is just as easy to start as a petrol engine. It's fitted with glow-plugs which stay hot for around 20 seconds after you've fired up. And the fuel injection system compensates for cold starting so that the engine runs smoothly from the word go.

Where do you buy your fuel?

Now that diesel is becoming so much more popular among motorists most garages have it on the forecourt, usually costing around £1.70 a gallon.

Who knows how to service diesels?

All Ford dealers do for a start. Our new diesel is a very simple engine, with 12,000 mile standard service intervals and 6,000 mile oil and oil filter changes just like on petrol engines.

And remember, Ford's Extra Cover Warranty is available at the same cost as for a petrol engine van.

Your Ford dealer has all the details.

How long will a diesel engine last?

Diesels are inherently robust. They have to be to withstand such high compression ratios. Obviously engine life will vary with operating conditions, but we're confident that 100,000 miles will be the rule rather than the exception.

Are the diesel vans as well-equipped as the petrol models?

Yes. Inside they're virtually identical. So, if you know anything about Ford, you'll know that means that they're comprehensively equipped. As for load space, the Escort has 94 cu. ft. (SAE) and the Fiesta 34 cu. ft. (DIN). Payloads are 350 or 550 kgs. for the Escort and 300 kgs. for the Fiesta†



Come and test drive a diesel.

Right now, most Ford dealers will have either a diesel car or van in stock. Why not arrange a test drive today?



Ford cares about quality. 

*Govt. fuel economy figures - mpg (litres/100 km). Fiesta 1.6 diesel saloon: constant 56 mph (90 km/h) 74.3 (3.8), constant 75 mph (120 km/h) 50.4 (5.6), urban cycle 56.5 (5.0). Escort 1.6 diesel saloon: constant 56 mph (90 km/h) 70.6 (4.0), constant 75 mph (120 km/h) 48.7 (5.8), urban cycle 51.4 (5.5). †Ford computed figures.

††The quoted payload is theoretical only and is based on vehicles with minimum equipment. Payload is calculated by subtracting the kerbweight of the actual vehicles plus the weight of the driver and passengers, if any, from the GVW. Account should then be taken of the weight distribution and axle loading. It is the responsibility of the users to operate the vehicles within the plated weights.

JOBS COLUMN

Facts and figures on UK's 'done-down' dons

BY MICHAEL DIXON

TO JUDGE by their protests, Britain's university teachers are a thoroughly done down lot. Not only has the Government cut its grants to their institutions and the number of places they may fill with students qualified as domiciled to the UK. Sir Keith Joseph, the Education Secretary, is now also threatening to legislate to stop universities' newly appointed academic staff from being granted job-security until retiring age.

His proposal would have no effect on dons already entitled by their contract to the life-long tenure of their job. The measure would only alter universities' statutes to prevent the award of the tenure to those appointed after the legislation came into force.

Nevertheless his move was greeted by Diana Warwick, general secretary of the dons union—the Association of University Teachers—with the words: "Academic freedom will be the victim of these proposals... There are already perfectly adequate arrangements for terminating university appointments. It seems to me that Sir Keith Joseph's real intention is to prepare the way to close institutions and reduce still further the chance of a university education for our young people."

That complaint coincided with another occurrence which reminded me that the same union was similarly denouncing the doing-down of dons when grants of taxpayers' money to and student places in universities were still expanding, a dozen years ago.

At the time the AUT was demanding a big pay increase from the Government. One of the union's prime arguments for its claim was that the increase was essential if universities were to retain able academic staff against the competition of the higher pay offered by industry.

At that time also there happened to arrive on my desk a survey made by the Royal Institute of Chemistry of the pay of its fellows and members. All were graduate, professionally qualified chemists working in various fields of employment in the UK, including academic appointments in universities.

The survey presented the figures in standard style. For each field of employment it gave the lower quartile representing the pay of the chemist who would come a quarter way up from the bottom in a ranking by pay of all the professional chemists employed in the same field; the median which would come exactly half way in the ranking; and the lower quartile coming a quarter way down from the top.

To my surprise the survey indicated that in terms of the median the professional chemist university was paid considerably better than the counterpart net just in industry and commerce but also in every other field, including the self-employed.

The median don's pay lead over the industrial equivalent was about 6 per cent. Admittedly chemists constitute only a small proportion of

academics as a whole. But the fact that the institute's findings, the only hard evidence I had come across, showed the opposite of what the dons' union was claiming surely put the emphasis on the AUT to produce comparable evidence supporting its argument. I cannot recollect that it did so.

The coincidence of the other day which made me remember those past events, was the arrival of the Royal Institute of Chemistry's pay survey for 1984. The findings for the fellows and members now working in the various fields of employment in the UK are summarised in the table below.

As you see, the median university chemist is still paid better than the counterpart anywhere else. The advantage over the equivalent in industry and commerce has grown to 15 per cent.

Candidates need deep understanding of the expatriate's problems even if they have not worked abroad extensively themselves, and sound knowledge of UK tax and of investment strategies. There will be much travel mainly to the Middle and Far East but also elsewhere.

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Inquiries to Mr Yeung at The Expatriate Consultancy, 32 Trumpington Street, Cambridge CB2 1QY. Tel: 0223 66331, telex 817866 Teclim G.

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Field of employment	Number in group	Lower quartile £	Median £	Upper quartile £
University	446	14,130	16,930	19,000
Self-employed	169	10,800	14,800	25,770
Nationalised industry, public utility	359	11,800	15,340	18,470
Area authority	84	11,480	15,300	19,070
Central Government	558	11,480	14,930	17,790
Industry and commerce	4,300	11,500	14,710	19,100
Atomic Energy Authority or associate	132	12,000	14,300	16,910
Consultancy (ranking below partner)	63	10,420	13,910	18,100
Regional authority	192	10,810	13,800	17,120
Local authority	1,042	10,910	13,990	18,740
Other kinds of employment	217	10,440	12,540	15,700
Total	7,762	11,480	14,500	18,400

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He or she should, ideally, be aged between 30 and 40 years and must have an accountancy or inland Revenue background. At least 5 years' corporate tax experience, gained either in an international practice or a multi-national Group, is essential as is the ability to communicate effectively at all levels.

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Applications giving full career history should be sent to the address below, addressed to Kevin Byrne who will forward these unopened to our client. Please quote ref. 752, and mark clearly on the envelope any companies to whom you do not wish your application sent.

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needed to assist local community in the IMPLEMENTATION OF HOUSING, INDUSTRY, SHOPPING AND RECREATION SCHEME.

She/he will be responsible for ensuring effective financial oversight of the development and administration of the implementation process. Experience of accountancy, development, finance, administration and community activity desirable. A commitment to the community's role in this unique project and the ability to communicate effectively at all levels are essential. Team of three workers accountable to local management. Salary AFS. Closing date 11th June.

Details: Welfare Community Development Group
89 Upper Ground, London SE1 - Tel: 01-453 6402.

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BUSINESS GRADUATE MANAGER

Seeking ambitious junior executive role with forward looking organisation. He/She must have a minimum of 10 years' "hands on" exp. in aspects of Project Management, including UK Building and Civil Eng. industries and international contracting.

Write: Box A 9903, Financial Times, 11 Cannon Street, EC4A 3DF.

FUND MANAGER - JAPANESE FUNDS

EDINBURGH BASED SALARY RANGE £18,000-£25,000

Scottish Equitable is a progressive mutual Life Office with a record of soundly based growth and achievement. An increasingly important contribution to the Society's success is made by the Investment Department - which has developed a highly practical and non-bureaucratic approach to decision-taking.

An experienced fund manager is sought to assume control of the main Japanese portfolio (which stands at over £100m.), the Japanese portfolios of smaller pension funds, and other Far East investments. The job holder will report to the Investment Manager but will have full discretion on portfolio decisions. In addition a contribution to major strategy decisions relating to the Society's total investment portfolio (currently standing at over £1,000m.) will be expected.

In order to meet the demands of this role, candidates will almost certainly be graduates or hold a relevant professional qualification. A detailed knowledge of the Japanese market and previous fund management experience are regarded as essential.

Salary within the range £18,000-£25,000 will depend on experience. The excellent benefits package includes car, non-contributory pension scheme, subsidised mortgage facility and relocation grant.

Male and female applicants should telephone I.G. Humphreys (Staff Manager) on 031-556 9101 for further details and application forms. Alternatively, write to him at Scottish Equitable Life Assurance Society, 31 St Andrew Square, Edinburgh EH2 2QZ.

Scottish Equitable
Life Assurance Society

Business Systems Development Executives

Middle East and Northern Europe
Visa International

Visa International is the largest, fastest growing global payments system association, providing computerized authorisation and clearing services for credit cards and travellers cheques to over 15,000 banking institutions in around 100 countries. It provides worldwide telecommunications, sets operating standards and develops products and services which are individually tailored to meet specific market needs.

Two Business Development Executives are needed, who will take full responsibility for the ongoing development of existing and new products and services, for established and new customers in the Middle East and Africa and throughout Northern Europe.

To qualify for these appointments, which involve frequent overseas travel from a

Kensington base, you will be aged 30-40 and qualified to degree level (possibly with an MBA), and marketing orientated. You will certainly need to be fully aware of the impact of the latest technology in international banking operations and the opportunities it presents, and involvement in point of sale projects within banks, financial institutions or retail operations would be a useful asset.

Drive, vision and energy must be allied to a good commercial acumen and to a proven ability to negotiate successfully at the highest level. Linguistic skills are important.

A highly competitive salary is supported by appropriate executive benefits including a car.

PA

Please send brief cv, in confidence, to
W E J Uttridge, Ref: AA38/8690/FT.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

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The key objective is to offer our major clients a UK leasing service for medium to large ticket leasing business. Responsibilities include identifying business opportunities, proposing strategies, and supporting the marketing initiatives of banking officers. An immediate requirement is the setting up of fee-earning evaluation, packaging and advisory services.

For this senior position, we wish to appoint an experienced leasing professional with a thorough knowledge of the UK leasing market. The successful candidate will be well introduced in the UK industry, with an outstanding track record in closing transactions.

This is an important appointment at a time of new opportunity within the UK leasing markets, which offers the challenge of developing a business with an organisation committed to success in this sector. On joining, you will be closely involved in other corporate finance business and your career development prospects will be first-class, working with an international leader in the field.

The salary is enhanced by a very attractive range of benefits including a car. Please write with a full cv. to Peter J. Mills, Head of Recruitment & Personnel Relations, Morgan Guaranty Trust Company of New York, PO Box 161, 1 Angel Court, London EC2R 7AE.

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Write Box 4826, Financial Times, 10 Cannon Street, EC4P 4BY

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Reporting to the senior marketing manager of the

Funds Management division you will be responsible for Trust and Fund sales in the London area largely to brokers and agents. Working to agreed targets your input will be valuable also to sales promotion and new product development.

A good negotiable salary is offered which with a car and other banking benefits presents an attractive remuneration package.

To proceed write to or telephone Derek Cox of Cripps, Sears & Associates Ltd. (Personnel Management Consultants), 88-89 High Holborn, London WC1V 6JH. (Telephone: 01-404 5701).

Cripps, Sears

Financial/Management Accountants - ACA/ACMA Entertainment Industry Central London

£12K-£17K + benefits

Our Client, a major international group, is seeking to recruit a number of Management/Financial Accountants to work in its expanding Entertainment Division.

Recent technological developments have created a rapidly changing and demanding environment. Key tasks therefore include the preparation of forecasts, plans and budgets with extensive use of computer models. A strong commercial awareness and an enthusiasm for working closely with operating management are essential.

Applications are invited from qualified Accountants with graduate

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Benefits include a company car with some positions.

Please write with full career details, quoting ref: FT/717, and listing any companies to whom you do not wish your application forwarded, to:
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Arbitrage Trader

London

Chemical Bank International Limited, seeks an Arbitrage Trader with demonstrated excellence in money market, financial futures and commodities dealing, to join their new and rapidly expanding Arbitrage Unit.

The job requires knowledge of sophisticated computer programming needed to establish the Unit's information and accounting systems. The successful candidate will have a minimum of three years' dealing experience, preferably gained with a major US investment house and have included running large, high-risk positions. Essential to have an MBA as well as strong maths/statistical skills.

The Bank offers the range of benefits associated with competitive UK financial institutions, and salary will reflect the importance and complexity of the position.

Qualified candidates only should apply confidentially in writing to: The Personnel Manager - UK, Chemical Bank International Limited, Chemical Bank House, 180 Strand, London WC2R 1ET.



CHEMICAL BANK INTERNATIONAL LIMITED
An equal opportunity employer.

International Fixed Income Management

The Chase International Investment Group is currently expanding its activities in the fixed income area and requires an additional person to assist this small team.

The ideal candidate should have a good honours degree, preferably in Economics, and up to two years' involvement in the management of multi-currency bond and money-market portfolios.

A competitive salary, according to age and experience, will be offered, together with preferential mortgage rates, non-contributory pension and life assurance schemes, free private health scheme, personal loan facilities and bonus.

Please write with full details to:
Miss S. Calne, Senior Personnel Officer,
The Chase Manhattan Bank, N.A., Woolgate House,
Coleman Street, London EC2P 2HD.
Tel. 01-726 5195.



Company Secretary

A Leading Industrial Company located in the Southern Home Counties with an international turnover of some £50 million requires a qualified Company Secretary.

The Candidate should have a legal qualification but should also possess a strong commercial aptitude and numeracy. The candidate should also be skilled in drawing up legal agreements concerned with joint ventures and projects abroad running into millions of pounds and at the same time be capable of taking on the normal secretarial duties associated with a large company's legal obligations.

The position will carry a salary of ca. £18,000 p.a. together with the conventional benefits of a company car, contributory pension and life assurance scheme, BUPA, etc.

Candidates should apply in the strictest confidence with full cv. to:-

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Please phone

Janie Peake,

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SHIPPING ECONOMICS ADVISORY GROUP (SEA GROUP)

the consultancy arm of Lloyd's of London Press Ltd. requires two additional Consultants

to assist in developing this fast-growing organisation

These appointments, which are London-based, involve liaison with executives from all areas of shipping and associated industries plus the development of close links with the oil and dry bulk market. Each position will involve spending time in providing private consultancy for individual clients as well as specific multi-clients.

It is not necessary to have previous consultancy experience but candidates should have a track record of business development, planning or market research in shipping or allied industries. Statistical or econometric experience or qualifications would also be of benefit.

Competitive salaries and fringe benefits will be offered.

Applications in writing to:

Mr. W. J. Harding

Personnel Department

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Business Place, Colchester, Essex CO3 3LP

Telephone: 0206 69222 ext. 212

Treasury Assistant Reading

This post will ideally suit a dynamic young person who can clearly demonstrate the ability to make a significant contribution to the efficient operation of our Treasury Department.

Main duties will involve the management of the day-to-day money position and negotiations with banks. You will make extensive use of micro computers and electronic banking services. Special assignments for senior management will be a regular feature.

Candidates, probably aged 23-26, should have a bright and lively mind and be able to communicate well. A high degree of self-motivation, the ability to achieve results under pressure and to contribute effectively to the department are essential.

Please send a cv. or telephone for an application form to Mrs. S. E. James, Head Office Personnel Manager, Metal Box p.l.c., Queens House, Forbury Road, Reading, Berkshire RG1 3JH. Telephone 0734 581177.

Metal Box

SHARE TRADER

We are seeking an experienced Share Trader for a senior position in a newly-formed company specialising in international natural resource issues.

This position will offer an exciting opportunity to be part of an internationally forward-looking company. Remuneration package to be negotiated.

Apply in writing to Box A8601, Financial Times
10 Cannon Street, London EC4P 4BY

Money Market/F.R.N.

Institutional Sales Executive

Salomon Brothers International has an opening for a sales executive to expand its highly successful Money Market department serving Institutional clients.

The person we seek must have at least 2/3 years' experience in banking/finance and, ideally, in the U.K. or U.S. Money Market and in the Floating Rate Note Markets. The individual must be self-motivated, interested in sales and desire to succeed in a highly competitive environment.

Based in London, the appointment offers broad international opportunities and the potential for an outstanding career, matched by an attractive remuneration package.

Applications, with details of career to date, should be sent to Mr. John Stimpson.

Salomon Brothers International

One Angel Court, London EC2R 7HS

PARTNERSHIP SECRETARY DESIGNATE

Applications are invited from Chartered Secretaries or other suitably qualified persons for the post of Partnership Secretary Designate for a well established and expanding firm of solicitors with four offices in Surrey and London. The post will be based in Leatherhead. The successful applicant's duties would include administrative, secretarial and accounting functions and until the retirement of the present Partnership Secretary in the summer of 1985 the applicant would be primarily concerned with the installation and supervision of new computerised systems. Salary negotiable.

Apply in writing to:

Godfrey R. Haynes, Partnership Secretary
TUCK AND MANN
3 North Street, Leatherhead, Surrey

International Appointments

Personal Tax Specialist

International Banking
HONG KONG

Not less than £21,000 tax paid
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Reporting directly to the Group Tax Adviser, you will provide tax advice to wealthy individuals on a worldwide basis. You will also advise UK expatriates and non-UK domiciled persons on the tax implications of inward investment into the United Kingdom and advise on Capital Gains Tax, Capital Transfer Tax and the use of Trusts and insurance linked investments. Additional responsibilities include analysis of new developments in personal tax systems throughout the world, and contributing to the development of tax orientated services to customers.

You will probably be an ACA or an ATII in your early 30s and have the ability to communicate effectively with a wide cross section of customers. Relevant experience in the personal taxation department of a major financial institution, accountancy practice or financial services organisation is essential, as is a thorough knowledge of the UK tax system. You will also be expected to have or acquire a knowledge of the personal tax systems in all countries in which the Group operates, particularly Australia, Canada and the USA.

Conditions of service are excellent. In addition to the tax paid salary indicated, benefits include free fully furnished accommodation, a housing loan in your home country, six week annual leave with free air travel, children's education allowance and holiday passages.

Please telephone or write for an application form by Monday 28 May 1984.

International Recruitment
Controller, The Hongkong
Bank Group, 99 Bishopsgate,
London EC2P 2LA.
Tel: 01-638 2366, ext. 2923.

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In partnership with the Board, the chief executive will build from a solid foundation of profitability and market respect. Existing operations will be further improved and challenged, and future operations will reflect the aggressiveness and innovation of the new leadership. Growth will likely include expansion by acquisition.

The new President must be an acknowledged "hands-on" operating executive from a similarly large and complex manufacturing concern, having demonstrated success as a strategist with superior conceptual and motivation skills. Experience must also include a relatively recent senior level posting in Canada, a current knowledge of the Canadian marketplace and significant exposure to the marketing discipline - with emphasis on new product development and implementation.

We invite you to explore this opportunity, in confidence, by writing to Mr. Bob Channing, P.O. Box 31, Commerce Court West, Toronto, Ontario, Canada M5L 1B2, referring to file #850.

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Member: Canadian Association of Management Consultants

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is the European Community's Bank for long-term finance. The EIB finances projects in the ten Member Countries of the EEC and in more than 70 other countries in the Mediterranean, Africa, the Pacific and the Caribbean. The Bank's professional and technical staff are recruited from Member Countries and work in multinational teams.

The Bank now invites applications for the position of (m/f)

Loan Officer (aged between 28 and 35 years)

in the Directorate for Operations outside the Community.

Applicants should have a university degree or equivalent professional qualification, possess appropriate experience of long and medium-term credit operations acquired in a bank or development financial institution, preferably with overseas experience and other proficiency in financial analysis.

Excellent command of either French or English with a sound knowledge of the other language.

The post carries an attractive salary, together with social benefits including family and education allowances, a pension scheme and a health insurance scheme.

Candidates, who must be nationals of an EEC Member Country, are invited to submit their applications, accompanied by a detailed curriculum vitae and photograph, quoting the reference number PA 8401, to:

EUROPEAN INVESTMENT BANK
Recruitment and Training Division
100, bd Konrad Adenauer
L-2950 LUXEMBOURG

Applications will be treated in strictest confidence.



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Senior Consultants in Cost and Management Accounting

Responsibilities:
Should be able to review, (re)design and implement costing systems (and related management information systems) in line with existing and future requirements of a company. In most cases, these systems will be computerised.
Potential clients cover a broad range of companies of different sizes in all industry sectors and with different costing requirements (job costing, batch costing, process costing). Emphasis is on the application of standard costing techniques in a manufacturing environment.

Profile:
University studies or Institute of Cost and Management Accountants Age: 28-35.

A minimum of five years experience in the design, implementation and utilisation of computerised costing systems in an industrial (ideally manufacturing) environment.

Experience in value analysis appreciated.

Experience in production control systems particularly appreciated.

The candidate will have a great flexibility of mind to be able to adapt himself rapidly to different environments and requirements.

Languages: French, English.
Compensation will depend on the professional experience of the candidate.

Please send application including letter in French; C.V. and photo to: **Fredérikue Chemarin**

Multiple Recruitment
83, avenue Marceau 75116 Paris FRANCE

Spot Foreign Exchange Dealer

Frankfurt

Chemical Bank is an active participant in the International Foreign Exchange Market. In line with the development and expansion of the Frankfurt dealing operation, a vacancy now exists for an experienced Foreign Exchange Dealer.

The successful applicant should be able to display a proven track record as a market-maker in a major spot currency. He/she should be fluent in English and German and be prepared to work in a highly competitive atmosphere.

Salary will reflect the importance of the appointment and the stature of the successful candidate.

Additionally, this vacancy should appeal to those who consider that high achievement justifies high rewards.

Applications will be held in the strictest confidence and should be made in writing to: **FJ Knoll, Chemical Bank AG,** Ulmenstrasse 30, 6000 Frankfurt 1, West Germany.

CHEMICAL BANK
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An international company, operating on a worldwide basis in the field of the storage and distribution of crude oil, oil- and (petro)chemical products, with branches in Western Europe, the United States, the Middle and Far East, is looking for

a trading manager

to be stationed in the Netherlands. The person to be appointed will initiate, develop, take charge of and coordinate the international trading activities.

At least 10 years' experience in the supply or international trading of crude oil, oil- or (petro)chemical products is essential to give this new function the input desired by the group management.

The preference turns to a candidate who is now active, or has recently been employed at management level with a trading or similar division of an independent or major oil company.

It will be to the advantage of the person we are looking for if, in addition to the English language, he is also proficient in Dutch, French or German.

Letters with full curriculum vitae and references are to be addressed to:

Box A8597, Financial Times, 10 Cannon Street, London, EC4P 4BY

GBC is a multinational (Fortune 1000) office equipment and supplies manufacturer, with headquarters near Chicago, USA. Fully owned subsidiaries exist in the UK, France, Germany, Netherlands, Italy, Switzerland and overseas.

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This position reports to the International Controller of the headquarters and requires the execution of on-site operational reviews: guidance, assistance and supervision of the local subsidiary Controllers in all financial, accounting, EDP and related matters. Proven ability to deal with multinational executives and a successful managerial track record are essential. Successful candidate's background must include extensive international experience in:

- * Financial audits and operational reviews
- * Financial planning
- * Accounting, budgeting and financial analysis

Fluency in English and at least two more European languages are required. Ideal age is approximately 32-42 years.

The position includes 60% of foreign travel and may be based either in the UK (Camberley, Surrey) or in Switzerland (30 km south-east of Zurich). In the latter case, a C-Permit for non-residents is indispensable.

Candidates send their complete resume including salary history to:

GBC (SCHWEIZ) AG
Churerstrasse 162, CH-8808 Pfäfers, Switzerland
for the attention of Mr H. Sigris

All applications are dealt with in strict confidence

GBC General Binding Corporation
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CHARTERED SECRETARY (Diverse International Group) HONG KONG

Group restructuring has produced strong profit recovery, in all the activities of this diverse international company, with sales significantly up in US, Europe & the Far East. Most importantly, there is continued expansion into high technology, electronic components and computer peripherals; and whilst there are still a number of divestments to be made, the overall strategy is one of acquisition of those companies which fit more closely into the Group's businesses.

Reporting to the Board, the appointee will take responsibility for the company secretarial function of some 50 subsidiaries worldwide, have direct experience of major acquisitions & disposal work and be totally conversant with the Stock Exchange Regulations pertinent to a UK public organisation.

The chosen candidate will probably be earning £20,000-£25,000 as a Company Secretary with a quoted company and aged 38+. The remuneration package includes a competitive salary, company car, accommodation, utilities, pension etc. There will be travel to the UK and other major locations.



Apply in confidence to:
NKB Associates
159 Gloucester Road,
London SW7 4TH
Tel: 01-370 2012

BARIVEN EUROPE, situated near The Hague, Holland, is the European purchasing branch of Petroleos de Venezuela S.A.

accounting supervisor m/f

We are looking for a qualified accountant (ACMA or equivalent) with approx. 5 years experience.

His main activities and responsibilities will be:

- * Forecast of Divisional fund requirements for Head Office and PDVSA treasury functions;
- * Assure timely registration, processing and payment of invoices;
- * Supervise the preparation of Accounting Vouchers; produce General Ledger reports and Financial Statements according to local laws and Head Office requirements;
- * Assist the Comptroller in the development of the Operational and Capital Budgets and monitor the computerized Budget Control System;
- * Control of Payroll Accounting.

The ideal candidate will be aged between 25 and 35, will have a working knowledge of Dutch accounting practices and will be able to provide leadership to a small team.

Please apply in writing to **BARIVEN EUROPE,** Attn. Personnel Department, P.O. Box 415, 2280 AK LEIDSCHENDAM, The Netherlands.

AUSTRALIA

International Commodity Group, particularly active in metals, oil and soft commodities, seeks an experienced person in the 30 to 40 years age group, to manage a new office in Melbourne. The successful candidate will have extensive experience in L.M.E. Comex and financial futures and a good track record in developing a servicing industrial and institutional business. Australian resident status would be an advantage.

CV in confidence in the first instance to:

Publicitas
number 22-115 196, 1211 Geneva 3-Switzerland

FINANCE DIRECTOR Initial Location Helsingborg Sweden

Our client is an established food trading company. Part of an international group, its turnover is around \$100,000,000 a year. At the company HQ, there is an opportunity for an experienced finance professional to control all aspects of financial management and reporting (in particular to the holding group).

Heading a well-qualified team, the person should be a confident and self-motivated accountant. Knowledge of the Swedish language would be useful but is not essential.

Particular emphasis will be placed on improving accountability and reporting procedures, whilst working against tight deadlines. Some travel may be involved and there is a possibility of eventual transfer to the London office.

A high-calibre professional is required and it is unlikely that applicants below the age of 35 will have the necessary experience.

The negotiable salary and comprehensive benefits package reflect the importance placed by our clients on this post. To express your interest, please send a detailed c.v. in strictest confidence to:

Ref. MA/TA
ATLANTIC MANAGEMENT LIMITED

121 Westminster Bridge Road, London SE1 7ER
Please list any companies to whom your application should not be forwarded.

THE ISLAMIC EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

offers a position for two computer science engineers with minimum three-year experience in scientific and technical data processing.

The candidate must be a national of one of ISESCO's member countries and have good knowledge of English in addition to one of the other two official languages of ISESCO (Arabic and French).

Applications must be mailed to ISESCO by June 10, 1984.

Address: ISESCO, 16 Bis, Avenue Omar Ibn Khattab, Rabat, Kingdom of Morocco.

Accountancy Appointments

Financial Services Group

A large financial services group which is going through a phase of rapid development is currently strengthening its financial management team and wishes to make the following three appointments:

Budgetary Control Executive c.£20,000 + Car + substantial benefits

To control and co-ordinate preparation of budgets and financial plans throughout the Group and to monitor operating performance against them. Applicants should be qualified accountants with substantial experience of financial control procedures gained in a major organisation. The ability to communicate and to gain acceptance of common standards and principles across the Group is important. (Ref. L114)

Financial Analyst to £18,500 + substantial benefits

To evaluate the Group's sources of profitability, both short term and long term and to review and monitor major capital expenditure proposals. Previous experience of financial analysis and product costing gained in a major service industry or industrial group is required. Applicants should be business or economics graduates, or qualified accountants. (Ref. L115)

Information Systems Officer to £18,500 + substantial benefits

To establish and maintain, from a user standpoint, financial information systems to provide relevant financial and operational statistics and information, particularly in the areas of profitability analysis and financial forecasts and projections. Applicants should have previous experience of developing and using financial information systems for a large-scale computer user. An accounting qualification would be an advantage. (Ref. L116)

The positions will be located in the City. The benefits package is in line with the best financial sector practice and includes mortgage subsidy. Please apply in confidence, quoting the appropriate reference, to:

Brian Mason, Mason & Nurse Associates,
1 Lancaster Place, Strand, London WC2E 7EB.
Tel: 01-240 7805.

Mason & Nurse
Selection & Search

Financial Controller

Computer Aided Design Cambridge c.£20,000

A successful and fast-growing company with international clients seeks a qualified accountant to control and develop all financial aspects of its business.

Reporting to the M.D., key tasks will include management, through a small department, of accounts, and d.p. functions, development of internal control systems and financial negotiations for turn-key deals.

Applications are invited from graduates with 3 to 5 years post-qualification experience in a fast-moving commercial environment. The fair and imagination to create practical systems is as important as first class accounting skills and future prospects are excellent for a good communicator who will grow with the business.

Please send a brief but sufficient c.v. to Christine Parrot (Ref. LM75) Spicer and Pegler Associates, Executive Recruitment, 56-60 St Mary Axe, London EC3A 8BJ.

Spicer and Pegler Associates
Management Services

Group financial controller

London, c.£20,000, car + bonus



With turnover in excess of £50 million from international manufacturing and marketing activities, this plc has a record of success in all areas. Growth in sales and profit and return on capital are impressive.

As a member of the small and active head office team your responsibility will be to the Financial Director for:-

- control of group performance
- statutory reporting
- planning and forecasting
- tax planning and computation

The position is highly visible and carries the opportunity to contribute directly to policy decisions.

Aged around 30 you should be an ambitious CA from the profession or industry. Above all we are looking for a team member with commitment, energy, enthusiasm and interpersonal skills who is seeking attractive career prospects and an increasing involvement in general management.

Please write enclosing a curriculum vitae and daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. B171.

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Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

ACCOUNTANCY
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Financial Director

AMRA

London 30s to £25,000 + car

AMRA is a highly successful media representation agency. In its first year of operation it has achieved market leadership in a heavily contested field and now has a turnover approaching £5m. Owned by three major provincial newspaper groups, it exists to increase the share of advertising revenue of its regional newspaper clients which account for over 11% of total UK circulations. It is now seeking a Financial Director who will report to the Managing Director and work closely with him in

building on the success of the company and shaping its future. An initial task will be to develop further and computerise the financial and management control systems. Candidates, in their 30s, must be qualified accountants with a creative, flexible attitude and a strongly commercial approach. A media background would be ideal but is not essential. Salary is negotiable to £25,000 and a car is provided together with excellent benefits. Please send brief cv, in confidence, to Peter Greenaway, Ref: AAS1/8689/ET.



PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Manager Finance and Administration

East London/Essex

c.£22,000 + car

A company which quadruples its turnover in four years experiences unusually challenging growth related problems. A subsidiary of a substantial European group, it markets and sells paper, board and packaging products to corporate clients. It is on target for a turnover of £30 million in 1984.

This new appointment takes full responsibility for setting up and running effective financial control and administration functions. Working closely with the Sales and Marketing teams, the priority is to introduce fast, accurate and readily understood management information to enable them to respond positively to changing markets. Beyond this the role demands continuing participation in the general management decision making process to include the assessment of expansion opportunities such as strategic acquisition.

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A. Hill, Ref: 52807/FT. Male or female candidates should telephone in confidence for a Personal History Form 0742-731241, Bank House, 100 Queen Street, SHEFFIELD, S1 1UF.

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UKHT, Poland House
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Touche Ross & Co.

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C. T. Walker, Ref: 42528/FT. Male or female candidates should telephone in confidence for a Personal History Form 0632-327455, 4 Moseley Street, NEWCASTLE-UPON-TYNE, NE1 1DE.

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Applicants, who must be chartered accountants with good relevant professional and commercial experience, should send full details of their career to date to Tony Haygarth, Combined English Stores Group plc, 1/6 Clay Street, London W1H 3FS.

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THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Advertising

Frank Lowe to go public

BY FEONA McEWAN

"WHO NEXT?" has become a favourite guessing game in advertising circles. Now that agencies are seen to be assuming star status as darlings of the stock market, with proven track records of stability, profitability and growth (thank you, Saatchi and BMP) the advertising and marketing sectors shine brightly for all to modest size, and industry eyes remain fixed on the City.

This week brings news that Lowe Howard-Spink Campbell-Ewald, the 16th largest advertising agency in the UK, is to make its public debut within the next month when it goes for a full listing through an offer for sale of around 30 per cent of its shares. The market is looking for a valuation of between £20m and £25m.

Lowe will become the second agency in the past 10 years to seek a full listing, after Boase Massini Pollitt in May 1983, and brings the total number of ad agencies publicly listed to seven.

Though the move will come as no surprise to colleagues in the industry who acknowledge the agency's grand aspirations, it has wasted no time. But then, guiding spirit Frank Lowe, a mercurial, self-confident figure, was never one for letting the grass grow and in his 20 year career, has given the world's largest advertising network, Interpublic, its media up of three worldwide systems: McCann-Erickson, SSC&B Lintas and Marschalk Campbell-Ewald Worldwide.

Whatever the industry misgivings—talk of a British sell-out, dilution of Lowe's creative powers—the merger solved problems for both parties. With sinking billings, and a weak creative product, Wasey's was in dire need of the arrogant creative excellence of the Lowe outfit. In return, Lowe—who had lost the Parker account to an international agency despite award-winning campaigns—

recognised the need to offer clients overseas links. Some agencies, Unilever included, encouraged this approach.

The merger caused havoc in the agency league table (compiled by Campaign) and catapulted Lowe Howard-Spink Campbell-Ewald into number 16 with £34.4m in billings in 1983. This year the figure should top £37m.

Lowe's sprint to the top is not surprising, given the vintage creative team which followed him from Collett Dickinson Pearce (where he was ultimately managing director) in May 1981 to set up his own agency, Lowe Howard-Spink, with his CDP deputy Geoff Howard-Spink, a low-key figure widely respected for his planning expertise.

Certainly Lowe is one of the best known names around and occupies a unique position in the UK ad industry. By training, an accountant, yet his inclination has always been towards the creative side—he has a remarkable ability for spotting and attracting creative talent. "He's probably the best account man I've ever worked with," says John Kelley, creative director of Geers Gross, who worked with Lowe for six years. "He's not an inventor, but he's a great embellisher. He'll suggest a piece of casting or piece of music that's just right. A terrific judge of creative work, which is instinctive, and comes from being involved with very good creative people."

Knowing he was the critic at the end of the firing line made people try harder to give better quality of work, says Kelley, "or else it scared the pants off them."

Though Lowe worked at a number of agencies, Pritchard Wood, B & B, Lintas, it was at CDP, then at its creative peak and award-laden, where he was very influential. It was a cradle for brilliant young talents like Charles Saatchi, and today's high-flying film directors, David Putnam, Hugh Hudson, and Alan Parker.

Distinguished campaigns which bore his signature included Heineken, "reaching the



Frank Lowe with his latest, and yet to be seen, Swifts Artex advertisement. Other major clients include General Motors, L'Oréal, Lloyds Bank, British Airways, Whitebread brewing group, and Central Office of Information.

approach—more Japanese than JWT.

And it's done him no harm... most award ceremonies are not complete without their share of Lowe Howard-Spink (if not yet the Campbell-Ewald) label. He's a consistently high achiever.

Already the merger has had considerable positive effects. Les Delano, American president of Marschalk Worldwide, is well pleased. (Marschalk currently holds a 45 per cent shareholding in the agency to Lowe's 55 per cent). "It has worked better than I dreamed. We've found that we're able to recruit people in other markets, Europe and beyond (Italy and Australia) of a higher calibre than before."

Lowe admits that since he's acquired his international links he's been approached by a number of prospective clients who would not have been interested before.

On the management side, the dust is now settling in the wake of the merger with the loss of 60 employees and the injection of some bright new talent. The recent promotion to managing director of much sought-after ed-man David James, leaves Lowe free to pursue expansionist plans with Delano and work on the

creative product with his creative director, Alfredo Marcantoni. Going public has also given the agency the chance to expand its equity and introduce a share option scheme for its board members.

Lowe himself admits he is no financial expert and learnt his lesson the hard way during his time at CDP when the agency and some directors were prosecuted by the Inland Revenue for fraud. The judge said at the time it was clear there was a good deal of stupidity in the organisation of the overseas companies but accepted that the individual defendants had embarked on the overseas fraud without any desire for personal gain. Significantly, however, Lowe has signed up a blue chip bunch of financial advisers—merchant banker Morgan Grenfell, accountants Price Waterhouse and broker W. Greenwell.

One of the pluses of joining the Interpublic network, he says, is that top financial advice and expertise is available to him.

The Lowe-Marschalk bangle for growth is one obvious reason for the public flotation. The idea is to expand from the UK where Lowe feels there is tremendous scope for growth. "There are a large number of fields we don't handle." Up to now his client list has been blue chip and highly selective, preferring as he does to build on existing clients, with occasional outside forays to widen the base—two new gains since the merger are JVC and Ovaltine. Another two would count off the year nicely he reckons "because we want to concentrate on existing clients." Lowe will handle any size of client from £0.25m to £16m "providing we can make a decent margin of profit. I don't believe in big clients subsidising small."

"What is becoming a reality here is what people have often talked about and never done," says Delano, looking pleased and talking of the business of forcing a better creative link through a worldwide network instead of simply having branch offices everywhere.

Market conditions for a flotation of this kind appear to be ripe—in the City, expenditure on advertising is increasingly seen as an investment rather than an unnecessary cost as companies continue to show that recession or no, the battle for brand share makes consistent advertising essential.

On the consumer side the Advertising Association predicts a boom in advertising expenditure both this year and next as consumer expenditure and company profits soar.

Meanwhile, the guessing game goes on. The question remains, who next?

U.S. drugs industry

A key consumer question

DRUG COMPANIES in the U.S. are beginning to have second thoughts about being given the freedom to market prescription drugs to the public. Ironically, this change of heart comes just as a recently-published study by the Food and Drug Administration in the U.S. shows that two-thirds of those sampled believe that advertising of such drugs provides useful information.

It also comes 18 months after Boots, the UK consumer products and pharmaceutical company, fell foul of the FDA when advertising the price advantage of its Rufen arthritis drug over Upjohn's Motrin, which is in fact the same drug but manufactured by Upjohn under licence from Boots.

Boots is keen to continue such advertising. In contrast, Ciba-Geigy, the Swiss-based group which only a year ago was openly pushing for new legislation to remove advertising restrictions, now says it wants the concept more thoroughly tested.

Others have been more outspoken. Lawrence Hoff, executive vice president (marketing) of Upjohn, said at a recent symposium on the subject: "Advertising of specific prescription products directly to patients, while looking good to some, is potentially too harmful to our medical system."

The illustration on this page is an example of an advertisement for a fake product which the FDA placed in a limited number of a magazine distributed to doctors' waiting rooms. Advertisements for fictitious drugs were also screened on closed-circuit television in the course of the six-month study.

All the ads emphasised the possible side-effects caused by the drug and the need to consult a doctor about the product. Surprisingly, the FDA found that though the ads fully communicated the likelihood of side-effects, they did not affect the subject's opinions about drug "desirability."

Even so, Hoff points to five areas of potential difficulty in direct-to-consumer advertising: cost implications; liability concerns; the potential for patient confusion; effects on patient-doctor relationships and broad-based ethical concerns. "Our analysis shows that by the time we pay to develop the ads and buy air time for (our) five (top) products, the resulting cost could be well in excess of what we are spending today for the promotion of all of our

products for both sales representatives' time and for all non-sales promotion programmes," he said.

Walter Lange, Eli Lilly's group vice president for marketing, agreed with his counterpart at Upjohn. "It's difficult for me to see any value in advertising a specific product to consumers," he says.

In this regard, the large drug companies seem to have bowed to pressures from the U.S. consumer organisations. Most of these groups have come out sharply against proposed changes in drug advertising codes. They have stated that open advertising will increase the cost of drugs and lead to confusion in the marketplace. Further, these groups are campaigning against what they say is often misleading advertising by drug companies in medical journals, claiming that the companies aim at achieving higher sales before the efficiency and safety of a drug is thoroughly proven.

The medium-sized and smaller foreign drug companies will be launching into these tests with enthusiasm. The issue has also reached the U.S. Congress, where support appears to be growing.

The House Energy and Commerce Oversight and Investigations sub-committee announced last week that it plans to examine the issues involved. Albert Gore, a Democrat from Tennessee and a senior member of the sub-committee, said recently that he has some serious concerns about direct-to-consumer drug advertising, but added that Congress should seek a system which "encourages consumers to play a greater role in their own health care."

"Consumers can be informed about many matters as a result of advertising... price advertising can serve to enhance the competitiveness of the pharmaceutical industry. Direct-to-consumer advertising of prescription drugs is an effective way not only of bringing the existence of particular drugs to the attention of the public, but also of enhancing the public image of companies which advertise. This is an entirely appropriate corporate action and one that is constitutionally protected," he says.

Boots is a strong supporter of Congressman Gore on the question of price advertising. After the company began to advertise the price advantage of its Rufen product through television commercials last year it ultimately had to drop any reference to arthritis because of FDA restrictions. Boots nonetheless says the campaign was a "success," although the advertisements were limited to the Tampa, Florida, area.

The company says it is now considering more direct-to-consumer advertisements, but again only on price. "We are not interested in advertisements which influence the doctor-patient relationship," said a Boots executive in London this week.

The FDA's study has already shown that this concern may be overstated. Consumers tested in the study showed a thorough willingness to discuss the ads' content with their doctor.

The FDA expects to announce the timetable for its plans for further testing in this area within the next few months.



But the unwillingness of the large companies and the opposition of consumer groups does not appear strong enough to kill off the idea. "If the FDA passes the legislation, we're thrown into the fray like it or not," admitted the marketing vice-president of one of the large U.S. drug companies.

And the FDA is cautiously amenable "to the idea, pending further testing. Acting Commissioner Mark Novitch announced last week that the agency is now drafting regulations for testing drug advertisements to consumers under carefully defined conditions." This will mean that drug companies can begin their own tests when the regulations are complete.

Although the major drug companies might be dragging their feet, it is believed that

Carla Rapoport

Accountancy Appointments

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THE ARTS

Pygmalion/Shafesbury

Michael Coveney

Pygmalion has been a play acceptable to Women's Lib for ten years now, since John Dexter's famous revival with Diana Rigg and Alec McCowen. The new way of reading Shaw's text is to see Eliza surviving the gratuitous experimentalism of her Svengali phonetician and blossoming into radiant independence in the great final act duet with Professor Higgins. In this respect, Jackie Smith-Wood follows a well-trodden path and fulfils her stage destiny with power, conviction, and the earthy charm appropriate to a young Joan Plowright look-alike.

In other respects Ray Coveney's production is more interestingly, an act of mute submission to the whims and vagaries of an extraordinary leading actor. In the recent stage career of Peter O'Toole, I have missed what might be counted the transitional Jack Tanner between Macbeth and Pygmalion. But whichever way you slice it, this Higgins is a star performer from a star actor.

O'Toole at first seems to be bellowing, barking and booming his way through the role. In the opening Covent Garden scene where the torrential summer rain has been mysteriously and mistakenly

replaced with a snow shower, he slides on as a petulant eavesdropper, inconspicuously at odds with his academic status in his blond silvery hair. Next seen, O'Toole is lurching around his study diving for grapes with his spectacles on his head, brusquely chaffing and chiding his old friend Colonel Pickering (reliable Jack Waddingham). Their chance encounter in St Paul's Church porch (the only decent design in Douglas Heap's coarse and on the whole common visual realisation) is greeted with the invented Eliza line of "Small world, isn't it?"

The wonderful innovation O'Toole offers is to suggest that the real social liability is not Eliza on trial but Higgins in situ. The challenge of Pickering's bet is irresistible, and O'Toole suddenly floats off into a Celtic twilight reverie, commanding the stage with a bestial authority on "What is life but a series of inspired follies... I shall make this girl a Duchess."

Douglas Heap's stripes in the study, the costumes of Ann Curtis and the furniture at Mrs Higgins's are all gross and common, but O'Toole turns his "formal" into a horrendous into an outrageously original redie, lounging around in red tie



Jackie Smith-Wood as Eliza and Peter O'Toole as Professor Higgins

and yellow buttonhole before spreading on a circular sofa and removing his shoes. He releases an unwelcome aroma of smelly socks.

This is slotted in well with the thrown slipper motif, and the play in fact ends with O'Toole adding the marital sublimation of Freddy Eynsford Hill while picking the wool

from between his toes.

Like a debauched puppet, O'Toole hangs surprisingly loose in the later stages, having achieved his goal and dangled his hands in mock stupefaction at all comers. In the end, this Higgins is an unmarriageable rebel, quaffing irresponsible pleasure from his deeds. It is a remarkable, riveting, but not

very good performance.

It is, however, on a different plane to that of John Travolta's brilliantly controlled and funny dustman Doolittle or Joyce Carey's plaintively, touchingly, senile Mrs Higgins. Bad is sometimes better than good, and O'Toole's acting does not refreshingly, have much to do with what we now call acting.

Capricorn/Wigmore Hall

Andrew Clements

Capricorn has given four concerts in the Wigmore Hall this year to celebrate its centenary, and introduced freshly commissioned works at three of them. A bold plan for an ensemble that began life as a quartet brought together to perform Messiaen's *Quatuor pour le fin de temps* and which has kept contemporary music in the forefront of its repertoire as it has developed and expanded. On Tuesday, in the last of the birthday concerts, the premiere was of Zoltan Dvorak's *Winter Music*.

Placed between the ebullience of Mozart's D major flute quartet and Janacek's *Concerto for Clarinet* and Janacek's *Concerto for Trombone*, there is a prominent part for solo horn; not in the manner of a concerto, says the composer, and indeed at times the clarinet's role is almost equally prominent, but generally it is the horn which crystallises the mood at any moment and which

introduces the main thematic material.

Around this neutral thread the remaining instruments—flute, oboe, percussion, piano and string quartet—weave a tracery of polyphonic lines that are sometimes tied together and which sometimes wander freely. The total effect on first hearing is not one of first bearing but of a series of possibly repetitions would fit certain elements more firmly in the mind, establish a more convincingly coherent structure.

In the Mozart flute quartet Philippa Davies took what is virtually the solo part, following the brisk, tightly reined style of Mozart, playing with the ensemble seems to favour. Perhaps, though, in this case it was just a little overdone. The Janacek *Concerto* however emerged in fine shape, role is almost equally prominent, but generally it is the horn which crystallises the mood at any moment and which

Sinopoli/Festival Hall

Dominic Gill

Previous encounters of the Philharmonia Orchestra with their new Principal Conductor Giuseppe Sinopoli have not been auspicious. His command of his players, like his conducting technique, is essentially unstable; rhythms always lack a basic pulse; the direction is conceived in fits and starts, and blatant primary colours; there is rarely a sense of long line, coherent design, subtle shades. Most significant of all is his left hand, which either follows the right in mirror image, or flops, unfocused and arrhythmic, towards generalised sectors of the orchestra. His left hand has, in any case, no expressive role: so where the music is no longer black or white, very loud or very soft, very fast or very slow, the performance falls apart, uninspired, unguided.

Tuesday's Philharmonia concert was Sinopoli's first with them, fully fledged in his new post; and Verdi's *Requiem* was an intelligent choice for the event. It is sectional enough to distress the listener from Sinopoli's inability to sustain a line convincingly for more than a few short phrases; and it is vividly coloured enough to give any conductor, of any quality, the opportunity to appear to be

drawing impressive sonorities from his band. The opening "Requiem" and "Kyrie" sprawled in lifeless hush; the "Dies Irae," which Sinopoli attacked in fiercely vulgar fashion, bright and fast, and in his own peculiarly faceless terms, brashly effective.

Predictably, he discovered none of the delicate enchantments of "Offertorium" or "Lux Aeterna," preferring to concentrate his energies on a Technicolor zip through the "Sanctus." Through all of this the orchestra played, it must be said, extremely well, with the greatest finesse, sensitivity and tact. The mezzo soloist Florence Quivar, replacing Lucia Valentini Terrani at short notice, acquitted herself with notable bravura—and in her "Libertus" especially with fine presence and dramatic force. Lirio and bass, were decent. Margaret Price seemed uncharacteristically unsettled, and was even in danger of singing, especially on crucial long high notes, slightly flat. I cannot imagine where the Philharmonia imagine Sinopoli is going to take them: but the direction cannot be up.

This Story of Yours/Bridge Lane

Martin Hoyle

At first glance, John Hopkins' bleak study of a policeman cracking up and finally killing the suspected child-molester he is questioning seems an odd choice for the Leeds-based Red Ladder company to include in its "exciting programme of socialist theatre." A fundamental mistrust of human nature bespeaks the great satirists of the past with their basic conservatism rather than the seekers after the new Utopia.

Perhaps because after April 1985 Red Ladder will be the "only surviving touring political theatre company" left in England and Wales, this, for them, unusually conventional staging of a piece redolent of late Sixties TV drama may be an attempt to broaden their appeal.

dark reference to every society getting the police they deserve, Johnny Johnson is a decent man appalled and demoralised by the finally helplessly identifying with it) by the brutality his work exposes him to. He unburdens himself to his despised wife (this being a Hopkins play, the author of the most famous TV tetralogy peppers the script with cries of "talk to me!") with a powerful monologue on the torture and bestiality prompted by lust, greed and despair, who have been part of his routine for twenty years.

The Hopkins style is so sinewy as to now sound muscle-bound. Never less than earnest, usually intense, what seemed taut a decade ago now sounds merely overwrought. The waltzlike switches of mood in the two duologues that make up the play (Johnson with his wife, superior and victim respectively) need the concentration

of the screen—the play was filmed with Sean Connery—not to seem simply theatrical. The denouement, the suspect realising that the detective is capable of fantasising about violence himself, is banal and, if anything, given the policeman's anguished guilt, reassuring. For a group used to the fizzing extravaganzas of agit-prop, Red Ladder perform with immense discipline and polish. As the Detective Sergeant, horrified to find himself responding empathically to the viciousness around him, Owen John O'Mahony excels in moments of dangerously repressed intensity. The silent tension he generates when the suspect, realising his interrogator's tortured weakness, unwittingly signs his own death warrant with the sneer of "You sad, sorry little man," says more than the script's haphazard loquacity. Robbie McGowan directs.

L'elisir d'amore/Covent Garden

Rodney Milnes

The revival of Donizetti's frisky little masterpiece marks —for the benefit of any visitors lately arrived from Mars—Sir Geraint Evans' last series of performances for the Royal Opera, with the gala on June 4 sealing the positively final curtain. The role of Dulcamara is well chosen for a farewell: Sir Geraint's mercurial temperament suits Donizetti's amiable quack perfectly, and his bugle-lovable interpretation is as ever crisply enunciated, roundly sung and generously characterised. He really earns his audience's admiration every time, never just coasts along on patent good will. A real pro.

But this performance was more than just a Bow St. levain, marking as it did the house debut of an outstanding Nemorino, the Argentinian tenor Luis Lima. His lightish, smooth tone is well suited to the genre and equally well used, though there were moments of uncertain intonation early on. If there were but few flashes of out-of-the-ordinary musical insight or distinction of phrasing, this seemed irrelevant in the presence of so total a creature of the stage.

For as well as being a good singer, Mr Lima is a brilliantly

inventive actor, commanding a wide range of facial expression and physical movement to create a very real, and very funny human being; this is one of the most complete operatic impersonations I have witnessed. Add a film-star's face and figure (an interval straw-poll suggested that few female bears remained unmixed) and you have a remarkable artist. It is certain he must be the only tenor to have bent over to tie his shoe-laces on the stage of Covent Garden, and that without bending his knees.

Sona Ghazarian, one of nature's soubrettes, sang Adina as though the role were an extension of Adele's third-act audition number in *Fledermaus*; cutie, precocious and arch. Flow on, onged for just one clearly musically shaped phrase in place of the sort of pseudo-Venuese "art" that has no place in Donizetti. Ingrid Wixell (Belcore) repeated his witty impersonation of the military male in rut and there was another notable house debut from Cathryn Pope, an alert and charming Ginevra.

Gabriele Bellini, also new to the company, conducted. As last year's *Linda Di Chamouris* at Wexford suggested, he has a



Geraint Evans

proper feeling for Donizetti's idiom, marked on this occasion by an impression of ensemble too frequent for comfort. John Copley's production, revived by Christopher Renshaw, may be little more than a romp, but at least it is a good romp.

Liebeslieder Walzer/New York State Theatre

Clement Crisp

The extraordinary sympathy that such Russian composers as Chaikovsky, Glazunov, Arensky, Prokofiev, showed for the waltz was also present in the work of that Russian choreographer-musician, George Balanchine. From *Serenade* onwards, and explicitly in *Le Voleur et la Vierge*, he found myriad and infinitely varied ways of treating three-four time. But, I think, never more subtly than in *Liebeslieder Walzer*, that most ingenious and beautiful example of his affinity for a social dance as theatrical material.

In 1960, at its first staging, the ballet had rather flimsy design. A decade later Balanchine was in Munich and visited Curtius's Amaltheburg pavilion, with its decorations by J. E. Zimmermann, and he told Lincoln Kirstein that this was the interior he thought ideal as a setting for his ballet. Now, thanks to Mr Kirstein's initiative, and to the generosity of two patrons, the Amaltheburg interior has been realised as a set by David Mitchell, with the original Karinska costumes remade. The effect, in the produc-

tion staged last week for New York City Ballet, is of a masterpiece reborn. The duo-pianists and the vocal quartet are still there on stage, and in a silvery, Balanchine and in a silvery, Balanchine craft is gloriously displayed. The ebb and flow of dance invention, controlled in form, free in feeling, has always seemed to me loveliest in the first section where four couples are costumed as social beings rather than as the balletic abstraction of their earlier selves in the second, *Neue Liebeslieder* half. The women's satin dresses and beeled shoes, the decorum of private behaviour, suggest a domestic gathering. (The domestic nature of Brahms' music may be a rung or three down the social ladder from the setting; the dancing, though, is wholly aristocratic.) The pairs of lovers dart and sway, caught on the lit and pulse of the waltz as of their personal feelings, sometimes dashing (Patricia MacBride and Bart Cook), sometimes shadowed (Kyra Nichols and Joseph Duell); elegantly eager

(Suzanne Farrell and Sean Lavery) or ardent (Stephanie Saland and Ib Andersen). And on the foundation of the waltz, in a manner more richly varied than even Brahms' writings and more daringly free, Balanchine's miracles of rhythmic and linear grace are unfolded. The dancers cross and re-cross the room, pair off, become trios, circle and whirl, and tell us of emotion and the intoxication of the dance itself. In the second half of the ballet, the doors of the room are open to the night. The women are now in point shoes and gauzy ballet dress, and the dance takes to the air. Like the movement itself, emotion now becomes more stylised—though still potent—and at the last the cast return in their social dress and sit quietly as the final song is sung. Something exquisite in refinement as in technical ease, even breath-takingly danced by its entire cast, ends on a note of peaceful contemplation of joy and feeling known and now recollected. Which is what, as an audience, we too feel at the close of this magical ballet.

Record review

Andrew Clements

Avant-garde diversions

Ferneybough: String Quartet no. 2; Harvey: String Quartet no. 2; Carter: String Quartet no. 3. Arditti Quartet. RCA RS 9006. Xenakis: ST/4-1, 080262; Kottos: Mikka; Mikka-S; Dikhtos; Embelle; Ikhooor. Arditti Quartet. Geoffrey Douglas Mudge. RCA RS 9009. Smalley: Accord. Roger Smalley, Stephen Stockhaus. Auracoe AUC 1006 Stockhaus: "Ameo gibt das Leben..." North German Radio Chorus and Symphonic Orchestra/Stockhausen, Deutsche Grammophon 410 837-L.

Until now the position and reputation of the Arditti Quartet in contemporary music has not been mirrored on record. Even the present valuable and rewarding pair of discs has been a long time gestating; the recordings of Ferneybough, Harvey and Carter were made in February 1982, the Xenakis collection in June of the same year. RCA could hardly complain if it was not nowadays regarded as a mainstream serious-music company. In its heyday the catalogue boasted Toscanini, Horowitz, and Rubinstein; now it usually confines itself to Galway, Bream and Robert White. Many thanks to the unexpected diversion into the avant-garde.

Almost all these works have appeared regularly in the Arditti's London programmes in recent years; the Ferneybough second quartet has almost been overexposed. The Arditti play it now with perhaps less ferocity and unremitting concentration than they did when the record was made. I think I prefer it as it appears here, brittle and crystalline, a musical object of great intricacy and fascination. As an introduction to recent Ferneybough it is ideal; his quartet, while the modish effects that pile up as the work progresses become only irritating on repetition.

For anyone prepared to seek it out, Carter's third quartet has been available for some years on an imported CBS disc, coupled with the Second and played by

the Juilliard Quartet, but the Arditti's performance is the first to be generally available in Britain. Unlike the Juilliard they use "click tapes" to keep the two independent duos into which Carter divides the quartet in perfect synchronisation; in doing so they may deprive the work of some of its fantasy, but they are able to hold it in a firm, positive grip. All three works are finely recorded, and the Xenakis pieces, too, setting balance engineers' prodigious problems are well accommodated. The extraordinary intensity the players can bring in concert performance to some of these works is almost conveyed; Rohan de Saram's blistering account of the solo cello Kottos (1977) is possibly the disc's highlight, though Irvine Arditti's playing of the sipping, *Chaconne* by Mikka and Mikka-S runs it very close.

It was hearing this group playing most of the works on this disc at the Huddersfield Festival in 1982 that converted me from an agnostic to a firm believer where Xenakis is concerned. Because of the physical demands he makes of his interpreters, and the physical impact his pieces have, records will always necessarily be a second-hand method of getting to know his music. But this selection, all the works for solo strings, trio and quartet written up to 1981, is remarkably consistent in its achievement and is brilliantly executed.

Roger Smalley's music suffered for a number of years from its too obvious debt to Stockhausen. In his most recent works, such as the symphony heard at the Proms in 1982, he has broken decisively with that tradition and embraced a style which has deep roots in Berg, Mahler and Sibelius. But Accord's complete of his 1970s work strikes out in its own quite individual direction. In retrospect it was quite a daring work for Smalley to write; a composition for two pianos in the early 1970s would inevitably foster echoes of Stockhausen's magnificent *Mantra*, and his pedigree would make such odious comparisons even more likely. There are moments in *Accord* certainly which recall *Mantra*, but equally there are echoes of Boulez's *Fontaine Contrapuntistica* especially—who seem to have been a more potent influence here.

By any standards it's a substantial piece, consisting of five sections playing for some 43 minutes. It is built up slowly

from the all-interval chord that dominates the early stages indeed, it could be thought slow to catch alight. Possibly there are too many pages of wispy-wispy impressionistic effects; the emphasis on harmonic rather than melodic construction is sometimes overdone. Yet the overall design is splendidly sustained, the movement towards the main, grand climax intelligently paced. It is a work that requires some patience, and repeated listening. The performance on record carries its own imprimatur; the sound is a little undernourished but perfectly serviceable.

One watches Deutsche Grammophon's continuing fidelity to Stockhausen with growing envy. Would that a British company should anything like the same commitment to a living native composer; even Tippett's new works are by no means guaranteed a recording. The first section of "Ameo gibt das Leben" has been available on disc before, together with an assortment of early Stockhausen choral pieces and the violin sonatina. In its present manifestation, however, it has become a "choral opera" given an orchestral background, expanded to 50 minutes and finished in January 1977.

The mixture of texts—largely by the composer, with the addition of some haiku, snatches of Socrates, Melser, Eckehart, the Gospel according to St Thomas—is the kind of concoction familiar in works from *Konkrate* onwards. The style too was crystallised in that work and has been further refined in the parts of the opera *Licht* subsequently completed: sustained choral singing interspersed with theatrical outbursts, some moments of quite elevating grandeur. Here the music is of quite even quality, without the descents into bathos of *Donnerstag*; there is little new to be discovered in it, however. Further consolidation of the modal style Stockhausen has latterly evolved and which appears to suit his present preoccupations.

Final 'Dream'

performance cancelled

The Royal Opera House, Covent Garden has cancelled the final performance of *A Midsummer Night's Dream* scheduled for tonight.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 11-17

Exhibitions

LONDON
The Tate Gallery: The Pre-Raphaelites. The extraordinary revival interest of Victorian art in recent years, and its consequent rise in value, has made a proper critical re-evaluation long overdue, and now, with this copious and quite splendid exhibition, the subject is wide open. What had for so long been taken as merely a close and limited movement is clearly shown to be not so except in its earliest year, but rather a looser association of more general relevance. Millais, Maddox Brown, Holman Hunt, Rossetti and Burne-Jones all gain by the chance to be seen on their individual merits, and so emerge as substantial and consistent artists in their own right. The history of British art will never read the same again. Ends May 28.
The Serpentine Gallery, Kensington Gardens: Anthony Caro — an important show that fills London's most charming gallery: a review of the work since 1969 of Anthony Caro, who now enjoys an international reputation as a sculptor second only to Henry Moore's, but who is yet a generation younger and still remarkably active and prolific. He is perhaps the leading abstract sculptor of his time and has exerted immense influences on younger artists. Ends May 28.
The Hayward Gallery: English Romanesque Art 1066-1200 AD — a dense and weighty exhibition in every sense, perfectly self-explanatory

nevertheless, quite magnificent and altogether a revelation. It treats on the sculpture, architecture, fine craft and illumination of England at its most particular and crucial period. Ends July 8.
PARIS
Casimire Claudel: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (705 0434).
Pierre Bonnard: an important retrospective of the painter whose canvases filled with color and light glorify the beauty of the human body as he painted time and again Marthe, his wife, at her toilet, in her bath. His Mediterranean landscapes radiate the same joyous love of nature. Centre Georges Pompidou (718 7955). Closed Tue. Ends May 21.
Masterpieces of American Painting 1769-1918. More than 100 paintings — among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work — span 150 years of American creation. The panoramas of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins and proves abundantly that the New World did not have to wait for the contemporary period to affirm a powerful identity of its own. Grand Palais (261 5410). Closed Tue. Ends June 11.
Italian Illuminated Manuscripts from 6th to the 16th century. 180 exhibits

that include such treasures as an illustration of Petrarch's Triumph of Chastity retraces the development of the art of illumination from antiquity to the Renaissance. Bibliothèque Nationale. All days 12am-6pm, ends May 30. (261 8283).
SPAIN
Sculptures of Tapestry. 80 choice hangings from the 15-17th centuries lent by museums, private collectors and gallery owners, among them the admirable Christ's Carrying of the Cross in wool, silk and gold. Noah's Drunkenness set against a fantastic feudal castle with moosters and exotic birds in singing colours and the Forging Party from the suite of the art of war tapestries. Musée Jacquemart-André (227 3394). Ends June 17, closed Tuesdays.
Rhyme and Reason — 600 paintings, sculptures and artifacts of the De Menil family collection ranging from paleolithic to minimal art, from Europe, America and Oceania to the Middle East and Greece, take up three floors of the Grand Palais. The diversity of time, place and culture is made coherent by the resource care and poetic intuition — hence the title — with which this very personal collection has been assembled. Grand Palais, closed Tue, Wed late opening night. Ends July 30. (261 5410).
The Treasures of Saint-Mark: Throughout the centuries the Venetians have amassed priceless chalices, reliquaries, icons and liturgical objects from different periods and different sources, especially Byzantine ones: to the glory of their patron saint and their proud city. Venetian

goldsmiths were so influenced by the fabulous collections housed in their Basilica that they themselves became masters of "Orore de Venise" — a style and art of their own. Grand Palais, closed Tue, ends June 25 (261 5410).
NEW YORK
Painting in the South (National Academy of Design): Nearly four centuries of work from the Americas South in 10 paintings include Charles Willson Peale, Winslow Homer, Edward Hopper and Archie Corry. Starting with a watercolour, Indians Dancing Around a Waterhole, from 1885, the show covers the gamut of genres from seascapes and landscapes to portraits and modern works to 1980. Ends May 27.
WASHINGTON
German Expressionist Sculpture (Hirschhorn): This is the first comprehensive look at works in plaster, bronze, wood and porcelain from the first two decades of this century in Germany. Included in the show of 33 artists and 120 sculptures are Max Beckmann, Emil Nolde, Wilhelm Lehmbruck and Ernst Barlach. Ends June 17.
Mark Rothko (National Gallery): 86 works on paper by a leading contemporary American artist begin a national tour with this exhibit in the East Building. The highlights are vivid watercolours from 1968 and 1969, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys

that anticipated his suicide in 1970. Ends August 5.
WEST GERMANY
Cologne, Wallraf-Richartz-Museum. An der Richartz-Ritzen paintings by six Dutch masters of the Utrecht school of painting dating from the 17th century, on loan from the Utrecht Zentrarium. Ends May 20.
Düsseldorf, Kunstmuseum, 4 Grabbeplatz: Milan Kunc, the young Prague artist now living in Düsseldorf, is showing his imaginative, colourful canvas narratives — based on trivial, sometimes even syrupy motives. Ends May 27.
Stuttgart, Staatsgalerie: 500 graphical masterpieces from the 16th century to date are shown here on the occasion of the opening of the new house. Ends June 10.
Berlin, Nationalgalerie, 50 Potsdamer Strasse: The first exhibition in the Federal Republic dedicated exclusively to Edgar Degas (1834-1917), with 210 pastels, oil sketches and drawings. Ends May 20.
Essen, Villa Hügel: the former residence of the Krupp family, now an arts centre, presents treasures from Peru — among them more than 300 priceless exhibits never shown before outside the country. The 800 artefacts, from 2,000 BC, beautifully document Peru's cultural development. Ends June 30.
Cologne, Kunsthalbe, 1 Josef-Haubrich-Hof: More than 200 paintings, drawings, graphics and sculp-

tures — chiefly from his later working periods — by Max Beckmann (1884-1950), one of the German painters most respected by the Nazis. Ends June 24.
Mainz, Mittelrheinisches Landesmuseum, 49-51 Gross Bleichen: Exhibitions by a German private collection give a clear idea of the German equivalent of art nouveau. On show are more than 200 pieces — among them furniture, ceramics, glasses and pewter from the turn of the century. Ends June 3.
Munich, Villa Stuck, 50 Prinzregentenstrasse: 162 watercolours and drawings from the legacy of Johannes Itten, the Swiss painter and Bauhaus teacher. Ends May 27.
Tübingen, Kunsthalle, 76 Philosophenweg: The last venue of the roving exhibition with 100 drawings, watercolours and gouaches from between 1910 and 1955 by Fernand Léger. Ends June 3.
Hamburg, Helms-Museum, 2 Museumstrasse: German Expressionist sculpture, ceramics, weapons, equipment and jewellery from 4,000 BC to 500 BC. Ends July 1.
Düsseldorf, Kunstmuseum, 50 Pempelfordt Strasse: Otto Dix, Otto Pankok and Gert Wollheim — painters banned under the Nazi regime — have an exhibition here comprising fifty drawings and graphics from the 1920s. Ends May 18.
Munich, Kunstverein, 4 Galeriestrasse: Metropolitan Symphony (Weltstadtinfonie) has 150 works by fifty artists illustrating the develop-

ment of Berlin realism between 1900 and 1950. Ends May 27.
BRUSSELS
Treasures for the Table: Gold and silverware, porcelain and glass from Vienna, Paris and Brussels, including part of the solid gold service made for the Empress Maria Theresa and Louis XV's Sévres service offered to her to commemorate the Franco-Austrian alliance. Credit Commercial Passage 44 until June.
Art and Sport: 300 paintings, sculptures, drawing and photographs including Toulouse-Lautrec, Picasso, Magritte, Léger, Delaunay, Rodney. Palais des Beaux Arts. Ends June 3.
NETHERLANDS
Hans Koper: An exhibition of the ceramics of this Dutch artist and craftsman, who died in 1981, can be seen at the Museum Boymans van Beuningen, Rotterdam, until May 20. Koper was well known in England, and the display is arranged in cooperation with the British Council and the Sainsbury Centre for the Visual Arts in Norwich.
ITALY
Rome: Casino dell'Aurora: A curious exhibition of instruments of torture dating from the Middle Ages until the beginning of the last century. Worth a visit more for the site (especially the fresco by Guido Reni from which the "Casino" takes its name) than for the contents. Until May 31.

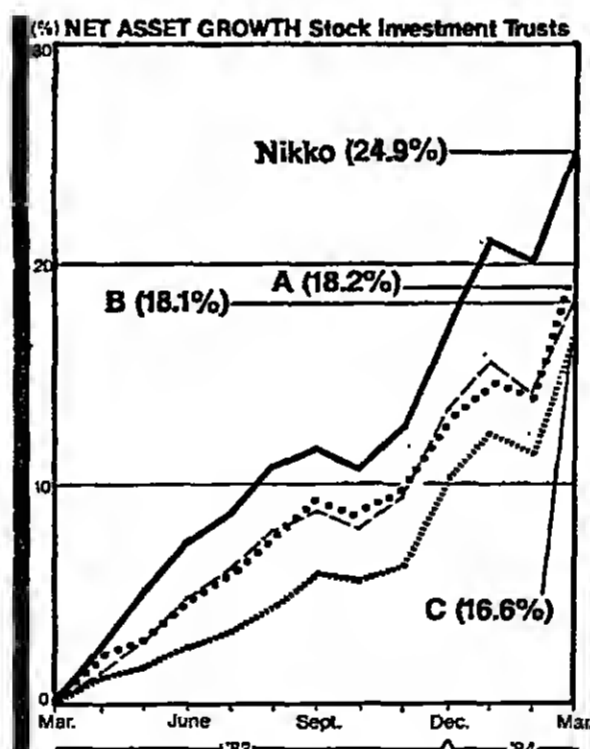
Rome: Accademia di Francia (Villa Medici): In 1884 Claude Debussy won the coveted Prix de Rome, which allowed artists and composers to study in Rome for two years. He said ungratefully: "Rome is a really ugly city, full of marble, fleas and boredom." He described his room in the extravagant Villa Medici as an "extraneous house. The city, for my part, celebrates the centenary of his stay with an exhibition, Debussy and Symbolism. His symphonic poem, La Mer, was composed while staying at Fiumicino near Rome. Ends June 5.
Venice: Palazzo Fortuny: Hollywood Photographers 1921-1941: More than 100 photographs, not all featuring well-known actors and actresses. Ends June 24.
Rome: Museo Pignatelli: "The First Inhabitants of Europe," an exhibition from the mistle of *l'Homme in Paris* tracing the history of modern European Man from the earliest fossils proving the existence of "homo erectus". Until July 15.
Milan: La Rotonda. Delightful exhibition of over 1,500 toys dating from 1750 to 1980. Until June.
Milan: Palazzo Della Permanente: the 25th Milan art biennial: 200 examples of painting and sculpture by contemporary artists. Ends May 20.
VIENNA
The Cliche and the reality of Viennese women in their fluid and changing position at the turn of the century. Hermsvilla, Lanner Tiergarten. Until March 1985.

In fact, some investment managers stand out from the crowd— even in Japan

The outstanding performers among Japanese investment managers have consistently been associated with the Nikko name.

■ An independent survey of the returns on Japanese equity portfolios managed by almost 40 investment advisers on behalf of American pension fund clients placed the accounts of Nikko International Capital Management right near the top in both 1982 and 1983.

■ The performance of Nikko for domestic clients is no less outstanding. During the 12-month period up to March 1984, the net assets of all stock investment trusts managed by Nikko Securities Investment Trust Management grew significantly faster than those managed by the subsidiaries of the other major securities companies in Japan. Nikko reported growth of 24.9 percent. The others were grouped closely together at between 16.6 and 18.2 percent.



■ Of the best three among the 30 open-ended stock investment trusts managed by the subsidiaries of the leading securities companies, the second and third largest gains were chalked up by Nikko-managed funds.

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Thursday May 17 1984

ECONOMIC VIEWPOINT

What to do about U.S. rates

By Anthony Harris

The pitfalls of countertrade

BARTER and other kinds of countertrade seem to be the flavour of the moment. Long a routine ingredient of trade with Eastern Europe and the object of official disapproval in the West, the practice is rapidly gaining popularity in the Third World.

As the British Government acknowledged this week, it is now a significant feature of world trade which businessmen ignore at their peril. But convenient as it may seem to developing countries short of cash or credit, it is an option full of pitfalls.

Countertrade encompasses a multitude of sins. Barter, the simplest form involving a straight swap of goods, is as old as trade itself.

More sophisticated varieties include offset, counterpurchase and buy-back. Offset, in which an exporter farms out parts of a contract to the purchasing country, is a regular component of large defence and aerospace deals the world over.

Counterpurchase, in which an exporter undertakes to buy goods from a market equivalent to a given proportion of his original sale, and buy-back, which calls for a buyer of industrial plant to pay for it with its output, are the most popular forms in Eastern Europe.

Countertrade fits in well with Comecon countries' centralised economic planning and their emphasis on volume of output rather than price. Putting the onus for disposing of counter-purchased goods squarely on the Western exporter, they can also make up for Eastern Europe's shortcomings in marketing.

But what has worried the industrial countries is the spread of countertrade to the Third World. Shortages of foreign exchange to pay for imports and the need to promote exports at a time of growing protectionism in the West have caused more and more developing countries to jump on the bandwagon.

Countertrade is almost certainly more talked about than practised at present. The General Agreement on Tariffs and Trade (GATT) estimates that various forms of countertrade account for a maximum of 8 per cent of world trade, and possibly much less. Nonetheless the proportion is likely to grow further in the short term at least.

Countertrade is inefficient, cumbersome and costly. It is not a panacea for the developing world's balance-of-payments problems. But because it puts off the evil day when a country will have to cut its imports to match its available cash and credit, it looks an attractive expedient.

But the disadvantages for a developing country are potentially greater. Many simply do not have the administrative machinery to cope with countertrade, and the additional costs which it entails for the exporters—in disposing of unwanted and often poor quality goods—will invariably be passed back to them sooner or later.

Driven out

Perhaps most important, many countries may not properly have considered whether countertrade—especially in raw materials and commodities—actually allows them to step up their exports, or whether the sales they make under countertrade arrangements could be made for cash.

Some countries have driven their cash exports out of particular markets by offering the same products more cheaply in countertrade. And in a finite market, if they do not compete against themselves, they just damage each other: for example, the modest success of Indonesia, the first developing country to demand countertrade on a large scale, has simply robbed Malaysia of some of its share of the rubber market.

The main danger for the West is that countertrade will become institutionalised in the developing world as it has in Eastern Europe. It is not in the developing countries' own interests that they use countertrade systematically as a shield from market forces, but their commitment to a multilateral trading system depends very much on the extent of protectionism in the West.

IT IS already becoming clear that the seven power economic summit in London next month will really only have one subject—U.S. interest rates.

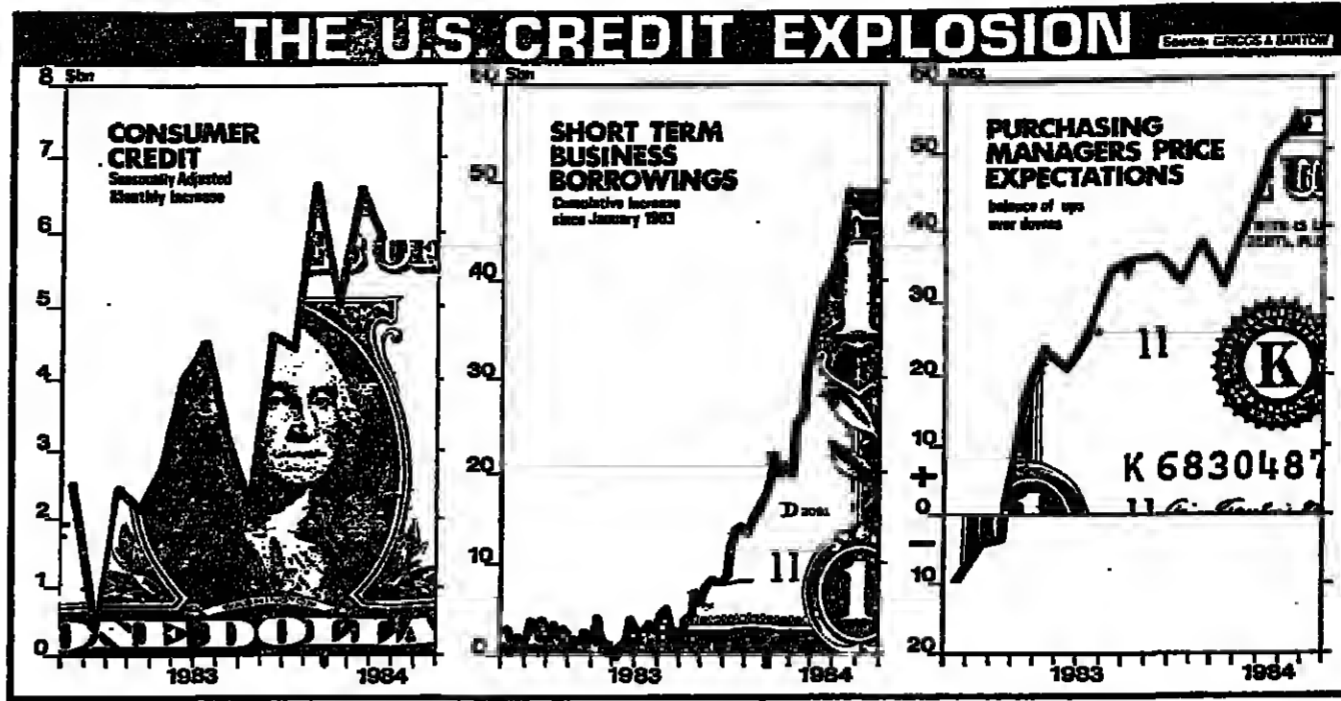
To be sure, there will be other items on the agenda, but they will only be the same question in fancy dress.

The debt question quite obviously hinges on the cost of debt service. Exchange rate misalignment comes down to the same topic. So, at one remove, do questions like the threat of U.S. protectionism—a natural election-year response to a grossly over-valued dollar (over-valued by no less than 40 per cent, according to one U.S. expert who would be at home advising our own Labour Party).

What is equally predictable is the outcome of this central discussion. Six nations will urge the U.S. to cut its fiscal deficit. The Americans will give their normal Augustinian response: I plan to be virtuous, but not yet.

Meanwhile Mr. Donald Regan has one under-secretary working more or less full time on yet another paper proving that the size of the deficit has nothing whatever to do with the level of interest rates. This will convince nobody who is not already converted, but will serve as an excuse for further procrastination while America tries out the latest supply siders' cure-all—a return to a gold standard. It is hard to know whether to laugh or cry.

There is certainly a better way than this continued face of misunderstanding, as I will suggest below, as I will address the real central question—how to achieve the necessary financial discipline at lower interest rates and even moral judgements and economic isms. But before we come to some possible prescriptions, we need a diagnosis, which takes



Mcgrath Baran

The patient is in most respects offensively healthy

account of some obvious but nevertheless surprising facts.

The first fact, and the one most generally overlooked, is that the patient is in most respects in almost offensively good health. The idea put forward by critics of U.S. policy of an economy becoming totally debilitated by debt is not even a caricature. Look at any of the major borrowing sectors, and you will see a bankable proposition.

The Federal Government, whose debt is currently growing at about 15 per cent annually in money terms (presumably about 9 per cent in real terms) is by no means over-borrowed at this stage. The total debt is still only about a third of annual national income. The corporate sector, which hardly borrowed at all last year, has a much healthier set of balance sheets than for some years.

Some of the new surge of borrowing represents inventory-building, but this represents

ties have recently been flirting dangerously with British methods, and relying more on long funding, which would in the end lock them into a high debt service burden, but this is only a creeping menace; there is plenty of time to act.

None of this will impress the critics of U.S. policies. It is sheer selfishness, they argue, to look only at domestic considerations in judging policy. The fact is that the Federal deficit, and its counterpart in the U.S. current account, means that America is sucking in the savings of the rest of the world. The fact that the U.S. is importing about \$30bn a year from the much poorer economies of Latin America arouses special indignation.

The Latin Americans are more realistic. At meeting after meeting they have rejected the seductive arguments for default; they want to repay enough of their debts to re-establish themselves as bankable, and they know that if they are to run current account surpluses, somebody else must run a deficit. They grumble simply about the level of interest rates; and they are right.

When it comes to explaining the level of interest rates, the Federal Government is not the only culprit. Analysis looks also at the explosive growth of private sector credit demand, which they surmise can only be explained by rising inflation expectations. These are the trends illustrated in the charts.

This is all quite plausible, but there are alternative explanations. First, the borrowers are in still more obvious financial health than the U.S. Government. The corporate sector, which hardly borrowed at all last year, has a much healthier set of balance sheets than for some years.

Some of the new surge of borrowing represents inventory-building, but this represents

shortages rather than inflationary expectations, for real interest rates in this context are still high (tax deductibility does not alter the fact that added inventory which fails to cover its financing cost reduces net profits). Most represents expansion or productivity investment.

For the personal sector, borrowing is rising rapidly, but after a pause; the ratio of debt to income is still well below previous peaks.

In general, then, it can be said that each sector in this drama can make a sound case

real interest rates which ought to be forbidding even in prospective terms (except for those with the most inflated inflationary expectations) not in fact damped down credit demand?

An explanation which will be familiar to regular readers of Samuel Brittan, and to David Hale's recent contributions to the FT, is that all U.S. borrowers are sheltered by tax deductions. This is certainly important, but it cannot be the whole story, because, always have been so sheltered; but in the past they have res-

rising income. In this respect this is a perfectly normal, classic boom. The rise in borrowing should really only surprise those whose world picture is centred on crowding out, or the supply-siders who believed that the fiscal deficit would stimulate saving rather than borrowing (the kind of trap which lies in the path of the flow-of-funds specialist).

The fiscal expansion has therefore stimulated competing demands for credit, and actually reduced the savings rate. Small wonder then, that the U.S. economy as a whole is a large taker of external credit, or that analysts like Henry Kaufman, projecting these demands into an unsustainable future, warn of huge rises in interest rates. This completes the picture of the familiar scene in which everyone is driven to hoping that the U.S. economy will suddenly slow down of its own accord.

One question remains: what has changed since previous U.S. cycles, which ran their course without subjecting the outside world to real interest rates which caused protest and distress? The answer again is hardly new, and is just one aspect of financial deregulation: the replacement of fixed-interest loans with floating interest arrangements. This started simply as an act of self-protection by banks and other financial intermediaries, who could not have survived in the recent volatility of rates in the old fixed contract world.

The really important effect of this change, however, was not the reduced "crunchiness," as Henry Wallis calls it, of financial markets, but to make borrowers far less sensitive to movements in rates. If you are signing a contract for a fixed rate, then you will be concerned with the timing of your borrowing; any rise in rates seen as a temporary peak will make

borrowers held off in the hope of a more favourable market later.

In Britain, the home of the overdraft and the battle over mortgage rates, where corporate treasurers held off the debenture market through a "temporary peak of more than a decade, these facts are so familiar that it is hard to remember that this is still a new world in the U.S. We simply do not know what level of rates will deter American floating-rate borrowers; to judge by what British consumers will pay, without benefit of tax deduction, it could well justify Dr. Kaufman's worst fears.

The conclusion to all this is clear: the rest of us should not waste time at the Summit preaching fiscal puritanism to the Americans. We should preach tax reform.

It is no accident that in every country where floating-rate borrowing is the rule, shelters for borrowers are smaller than in the U.S. (and generally smaller than in this country too), or that most radical tax-reform plans, from the flat-rate tax proposals sponsored by U.S. supply-siders to the expenditure tax proposed by Professor Meade, would reduce them further.

If the Americans shifted the tax shelter from borrowing to saving, many problems would begin to solve themselves—and the reformer might win the growing retired vote in the U.S. in a landslide.

But if logic, experience and international tax harmonisation will not win the day, perhaps a threat would work.

The six non-Americans at the summit might mention the fact that the Americans have imposed an interest equalisation tax, which equalised the return for U.S. investors on American and

Spending curbs on local councils

THE FUTILITY of trying to drive with brakes and accelerator jammed down at the same time is once again demonstrated by the Government's attitude to local authority expenditure on capital programmes such as houses, schools, roads and bridges.

The Government's record since 1980 can be summarised as follows: in 1980-81 a moratorium bringing all council house building to a full stop in response to expected overspending of the cash limits; in 1982 ministerial criticism of local authorities for underspending their cash limits by a substantial margin followed; in the autumn by exhortations from the Prime Minister to "spend, spend, spend" with greatly relaxed limits on home improvement grants; in 1983-84 a freeze on local authority capital contracts was introduced in Wales and the March Budget tightened up the grant system again.

Now, a few weeks into 1984-1985, it appears that if capital contracts are let at the current rate for the rest of the year the cash limits will be breached; the final outcome for the last financial year might also show an excess. The Environment Department has called for an emergency analysis of the figures and there is talk of another moratorium or reducing the already depressed capital limits still further.

Treasury Ministers have been anxious for some time about the accumulating level of balances in council coffers from a variety of sources, not least the sale of land and houses, and have eased the restrictions on the use of this money. But one result is that if all councils spend up to their maximum capital alloca-

Wringing out the charity

Ian MacGregor, National Coal Board chairman and the man at the eye of the miners' storm, was in a wise-cracking mood as he addressed an Institute of Marketing conference yesterday.

He told the story of James I of England (and VI of Scotland) sending to Edinburgh for some "good Scots brogues" and because of a garbled message, getting 20 Scots rogues instead—"a lot of our present troubles can be traced back to that," said the one-time Scotsman.

MacGregor defined a Scotsman as a Yorkshireman from whom all the charity has been wrung—"a reference at once deprecatory to himself as well as his redoubtable Yorkshire opponent, Arthur Scargill, the NUM president. Though it may also have served as a warning to Arthur that MacGregor is the mearer of the two."

In the manner of a Macmillan, he rather dismissed the miners' strike as a little temporary problem on the other side of town.

The assembled marketing bosses lapped it up. None had the temerity to point out that their keynote speaker at a conference entitled "Marketing for Profit" has been marketing both coal and steel at a huge loss for the past four years.

Men and Matters

slack, we'd be making a handsome profit, too."

Fruitful times

"Telling people you are in the fruit and veg business always gives the impression that you started out as a Cockney barrow boy," says Joe Saphir, whose fresh produce distribution company, Hunter Saphir, comes to the Unlisted Securities Market late this month.

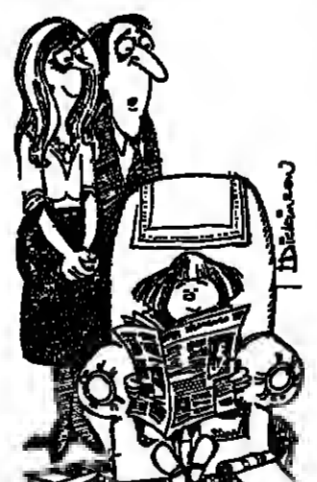
Saphir, now 68, and with a moustache as bushy as a prize curly kale, did start with a stall at Spitalfields market in London, at the age of 18. But only because as the last of eight children, his family could not support his ambition to become a doctor.

After expanding into the provincial markets, Saphir began supplying the large supermarkets directly in the 1950s and now boasts of being Marks and Spencer's largest supplier of fresh produce.

Fresh food distribution has become an increasingly sophisticated business as technologists, chemists and growers strive to achieve tastier, more attractive and longer-lasting fruit and vegetables.

Saphir claims credit for introducing the leeberry lettuce from Southern California into Britain a few years ago—growing it first in Kent and then sending year-round supplies from Israel and the Continent.

But it is not just new varieties which take his attention. The Cox's Orange Pippin, that most English of apples, seemed likely to disappear from the greengrocer's shelves three years ago. Its short ripening season meant the market would suddenly be flooded with the fruit and prices would plummet, making it an uneconomic crop. Hunter Saphir was one of the



"I'm dreading her asking those awkward questions—What's a Euro MP?—when will the coal strike end...?"

Trade mark

Car salesmen were publicly castigated again yesterday. A recent tour of showrooms showed salesmen who "seemed to date from the 1950s—spent and faintly shy. Their presentation was tired. They were mostly a mixed bag of wide boys, has-beens and misfits."

"Sales patter apart, they were like our friend Arthur Daley (from the "Minder" television series)—except that he's better dressed even though he wears Hush Puppies with a blue suit and a trilby."

"In almost every dealership, the salesmen had some difficulty in working out the on-the-road price, even with the help of a calculator."

The speaker was none other than Alan Dix, director general of the Motor Agents Association.

And he was actually addressing the people who employ him—about 300 motor traders at a conference organised by the Swells consultancy organisation.

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The Nexos saga

BETWEEN 1979 and 1981 some £30m of taxpayers' money was lost in an attempt to establish a British position in the world market for advanced office systems. The company concerned, Nexos, was a subsidiary of the National Enterprise Board, but as the Public Accounts Committee pointed out yesterday, the Department of Trade and Industry accepted unquestioningly the original forecasts made for the business and must share responsibility for its failure.

It is an extreme example of the danger of allowing government departments or agencies to enter into commercial ventures without proper appraisal of risks. Whether the story of Imnos, another NEB creation, will have a happier ending is still an open question. The committee comments that its performance to date on employment, profits, import saving and exports bears very little relation to the original plan.

The committee is right to press for a full investigation by the Department of Trade and Industry into the commercial and managerial errors that led to the Nexos debacle. No doubt governments will continue to intervene in industry and continue to make mistakes. But the lessons of Nexos, if they are fully digested, might at least induce a greater degree of caution.

Black stuff

Not quite everyone is losing from the miners' strike. A sweet manufacturer in Wigan has found a ready market for a new delicacy called Coal Dust.

Walesdays, a 60-year-old family concern, hit on the idea during the current dispute. Its Coal Dust—sugar-based crystals, coloured black and flavoured with aniseed—is selling at 15p a quarter in corner shops.

The company can now barely keep pace with demand. Sales have spread as far afield as Cumbria, Bristol, and Sheffield, capital city of the NUM.

A National Coal Board spokesman reflected: "If we could get 15p a quarter for our nutty

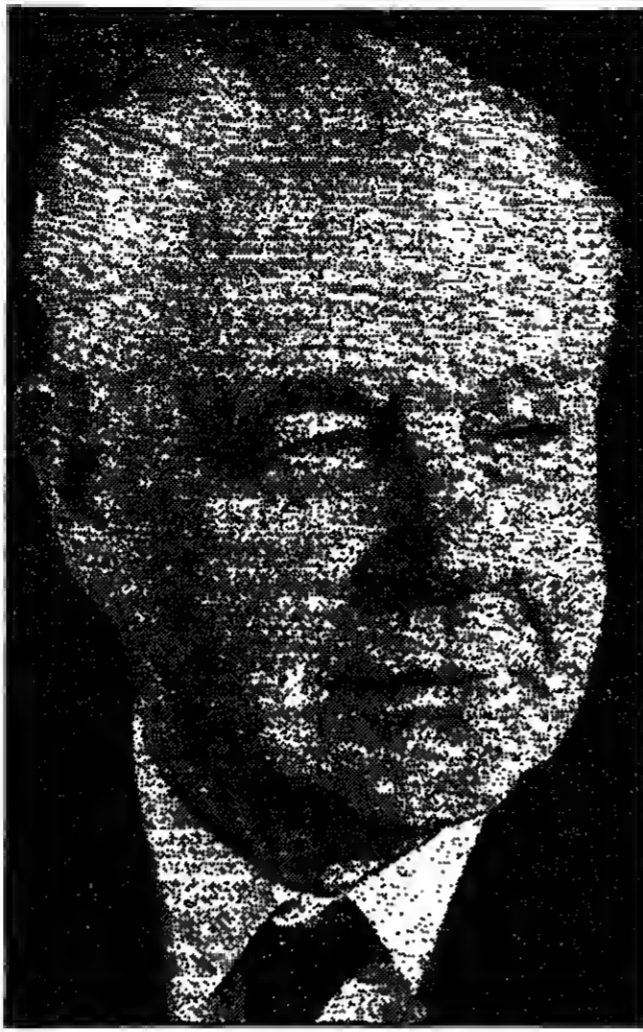
Printed on the inside cover of a theological work. "Spread the word of the Lord. No part of this book may be reproduced without permission from the publishers."

Observer

LORD ROBBINS: AN APPRECIATION

The true Renaissance man

By Ralf Dahrendorf



Lord Robbins: profound sense of tradition.

EVER if one does not particularly like the phrase "Renaissance man," let alone its generous use today, it is hard to deny that it describes the rare combination of talents and achievements which characterise the long and rich life of Lionel Robbins.

An economist of distinction, a public figure as adviser and servant of governments, a lover and promoter of the arts, chairman of academic and other institutions, a notable author and orator, a true professor—indeed, if one adds up LSE and the Financial Times, Covent Garden and the House of Lords, the Committee on Higher Education and many other institutions which he shaped, there can be little doubt that he belongs "among the most distinguished men of the century."

When Lionel Robbins came out of World War I, in his own words "an awkward, discontented soldier," he had to await a

He always remained a political economist in the best sense of the word

generous mood of his father's to be permitted to read economics at the London School of Economics. He came to LSE in 1920, at the age of 22, and LSE remained the thread which accompanied his life to the end of his days. His first attempt to get away to New College, where he became a lecturer, in 1924, did not last long at all; and whereas the second attempt lasted two years, from 1927-29, the school offered him a chair in 1929, and he returned to stay.

It was Lionel Robbins who presided over Friedrich von Hayek's first lecture at LSE in 1931, and who persuaded Hayek to join him at LSE. Between them, these two great men determined economics at the school for many years.

Lionel Robbins' contributions to the life of LSE are numerous. In 1937, William Beveridge, during his last year as Director of LSE, accused the "academic atmosphere of the school as being unduly mathematical and theoretical, too 'pure'." Professor Robbins was incensed. He produced a long memorandum, calling the Director's attention to the need to get his facts right, and

underlined a sentence which will serve many today: "The plain fact is that until this year we have had precisely three teachers in the departments included under Economics by the Director who could be regarded as predominantly 'pure'—Professor Hayek, Dr Hicks, and Mr Kaldor." What a long way economics has gone since then!

Lionel Robbins too went a long way. But he always remained a political economist in the best sense of the word. His books, whether specific—like *Money, Trade and International Relations*—or general—like the *Essays in the Nature and Significance*—all manage to apply historical depth, careful thought, and the critical use of knowledge to real issues. One of his most recent books, *Politics, Economics, Past and Present*, summarises in style and content the dimensions of Lionel Robbins' economics.

He was too subtle a scholar to see himself as belonging to any one school. He delighted in pointing out the inconsistencies between Keynes's monetarist and Keynes's demand-side economist while agreeing with both, to an extent.

He was by no means uncritical about "liberal economics." But somehow he managed to put together the best of many schools of economic thought into a tradition of reasonable thought about the real world. The liberal element was certainly strong in this tradition, but so was a pragmatic bent. Indeed, Lionel Robbins was precisely the kind of economist who is in such short supply today: not over-stating his case, but thoughtful, experienced, open and self-critical, and yet not averse to giving specific advice.

The story of Lionel Robbins and the London School of Economics was not free of tensions. For many years, he, as well as Laski, determined the intellectual climate of the school. But when he accepted the chairmanship of the Financial Times in 1961, the school showed him its most puritanical side. For one of the least understood aspects of the LSE is that it deliberately closes its shutters to the impurities of the real world around. This is the basis of its indisputable academic quality, its scholarly integrity, and also the reason for an otherwise surprising

abstinence in practical affairs: no LSE model of the British economy, no British Brookings at LSE.

Professor Robbins had to resign; though he returned soon after as member, and since 1968 Chairman of the Court of Governors. As such, he was to steer the school through a troublesome period in which he naturally made enemies as well as friends.

But then he offered the institution which had been the centre-piece of his life the greatest gift. By starting, and successfully completing, a private appeal, and by attracting additional public funds, he

enabled LSE to purchase the former warehouse and administrative centre of W. H. Smith's and convert it to library purposes. The school has tried to express its gratitude in turn by naming the new home of the British Library of Political and Economic Science the Lionel Robbins Building.

Long before that, after he had received a life peerage in 1969, Lionel Robbins had already linked his name permanently to LSE by persuading the Garter King of Arms to allow him the unusual style, Lord Robbins of Clare Market, after the street running through the school. The chairmanship of the

Financial Times was but one of several outside commitments of Lionel Robbins. He himself regarded this too as a public commitment. He called the Financial Times an "organ of the Free world, like *The Times* and the *Economist*, has become something of a public service." He was a director of the Economist between 1960 and 1975 and joined the board of the Economist Intelligence Unit in 1978.

During the war, Lionel Robbins was the Director of the Economic Section of the Offices of the War Cabinet. At the end of the war, he was, with Keynes and others, responsible for designing and establishing the international institutions which served the world so well until the 1970s.

Then in 1961, Lord Robbins accepted the chairmanship of the Committee of Higher Education. It is conceivable that the "Robbins Committee" and the "Robbins principle" (according to which every gifted 18-year-old should have a chance to go to a university) are partly due to his achievements for which the great man is remembered above all; though his recent book *Higher Education Revisited* as well as a number of speeches in the House of Lords make one wonder just how pleased the author of the principle was about its effects in later years.

In fact, however, Lord Robbins accomplished a breakthrough in the history of British higher education which was no less important than—indeed related to—the Butler Act of 1944 for general education. He established the important fact that education does not end at 18, and he opened higher education for wider groups and purposes.

Now that such principles are under pressure, it is all the more important to emphasise that education is a civil right, not a luxury. This has never been denied by Lord Robbins. What he minded in recent years was the disappearance of necessary distinctions in the system of higher education, and above all the loss of its civilising function. He loved to hold up the more generalist education which he thought was offered "north of the border," in Scotland, as an example.

This picture of a great man without the arts. In his Autobiography of an Economist, Lionel Robbins has described how difficult it was for the child of a strict Baptist family to discover the arts. His wife Iris, and her brother Clive Gardiner, helped. Beginning with the visual arts, Lionel Robbins expanded his interests and pleasure. His chairmanship of the National Gallery marks a happy period of its development.

He was a director of Covent Garden and from all accounts has left a lasting imprint by his combination of enthusiasm and practical sense, love of the arts and understanding of their economics.

Long after his 80th birthday, Lionel Robbins kept going at a pace which was the envy of many a younger man. He lectured at the LSE, regularly assembling several dozen students of all ages and from many countries to listen to his history of economic thought. He

What he minded most was the disease of over-specialisation

travelled to Latin America, to the U.S., to South-East Asia. He served on committees. He spoke in the House of Lords. He received friends and gave royally of his charm and wisdom.

It was only after his severe stroke in July 1982 that all this came to an end. Lionel Robbins sank into a half-awake life of memories and moments of recognition.

There was an enormous strength in this upright man, coupled with a profound sense of tradition. Perhaps he had to work harder to become a part of this tradition than his easy manner betrayed. But in his later years he certainly became a supreme representative of the best in English culture, its continuity, its civic sense, its compassion. His wife Iris, was one of the sources of his strength, as were his two children. But he gave more than he took, which is why he engendered not only the respect and admiration of many, but also a fondness which his friends will long cherish.

Lombard

Transferring the Hong Kong magic

By Anatole Kaletsky in Hong Kong

THERE IS only one convincing argument against the many people in Hong Kong who condemn as "betrayal" the British Government's totally unsuccessful efforts to negotiate a satisfactory agreement with Peking over the colony's future. It is that betrayal usually implies some gain for the betrayer. But the Government has failed to extract a lot of national advantage for Britain in the process of paving the way for what could become one of the century's great human and commercial tragedies.

Yet the Government could have helped Hong Kong and simultaneously brought substantial economic benefits to Britain. It could simply make all of Hong Kong's 5.4m residents into full citizens of the UK, with an absolute right of abode in this country. The second best—and morally minimal—solution would be to give this right to the 2.6m people in the colony who are British Territorial Dependency passport holders. This would still leave the other 2.8m effectively stateless (as all 5.4m are today) and would compare unfavourably with the treatment of the Falkland Islanders.

But it would be good enough to achieve one of the central aims of the exercise: to force the Chinese to offer the sort of guarantees which would prevent much of Hong Kong's population and all of its wealth-creating talent voting with their feet between now and 1997.

Suppose the Chinese were foolish enough to ignore this possibility or, more likely were simply indifferent about whether they regained possession of a prosperous Hong Kong as opposed to the barren rock which they ceded to Palmerston, Britain would then be "flooded" with Hong Kong refugees. This flood could help to reduce unemployment, strengthen the financial viability of the state social security system and, in general, provide the country with an economic windfall comparable to the discovery of North Sea oil (and a much needed one, since oil will be rapidly running out by 1997). If all this seems insane, it is only because of the lack of political leadership and economic insight displayed on the immigration issue by one British government after another.

The widespread prejudice that immigration causes unemployment is merely the most pernicious form of a fallacy known as the "lump of labour theory"—the idea that there is a given amount of work to be done and output to be produced in the country, so that any increase in the labour force—or in the number of hours worked—results in unemployment.

But without rehearsing the theoretical arguments against this ludicrous notion—which ignores the fact that every new worker is also a new consumer—it should be sufficient to note that in the past 30 years unemployment has climbed to record levels throughout Europe, while immigration has been stopped or even reversed through the deportation of "guest-workers." The U.S., which continues to benefit from about 1m legal and illegal immigrants a year, has meanwhile descended from the top in nearly one bottom of the international unemployment rate league table.

The benefits to Britain—and particularly to the poorer areas of the country where they could be encouraged to settle—of a vast infusion of the legendary Hong Kong entrepreneurship (along with the capital to support it) should be apparent enough. But four other points are less obvious. First, as UK citizens, Hong Kong residents would automatically also enjoy the right to live and work in any other EEC country. Second, a large influx of young workers would help to compensate for the ageing of Britain's own population, which is causing concern about the viability of the social security system in the 21st century. Third, some British manufacturing workers are being displaced anyway by Hong Kong labour, so it might be as well to let the labour come to the jobs instead of vice versa.

Finally, and most important, by 1997 Hong Kong will no longer be a cheap-labour developing country. In fact, if the trends of the past 20 years were to continue, its GNP per capita in 1997 would be 22 per cent higher than Britain's, having started the 1960s 75 per cent lower. A few million people who could achieve that must surely be worth having.

Long-term view in training

From Mr M. Spence
Sir,—As part of its plans in moving into Greenock, National Semiconductor of Japan has taken the far-sighted step of employing and training school leavers in its new factory. What is it that will encourage British counterparts in industry to recognise that long-term training and investment policies is practicable?

Our society cannot continue to be devastated by the short-term pressures that seem to dog industrialists in the UK. After all, as the albatross minor example of Nottingham's backing for Torville and Dean showed, even local authorities are able to see longer-term benefits now.

Blackfriars helipad
From Mr A. Davies
Sir,—Mr Loudoun-Shand (May 15), three floors above me in this building, and just under 100 yards from the helipad, complains of the terrible noise and vibrations from the building. For the building to be protected in this way exceptionally robust treatment, hermetically sealing it would be necessary. I doubt if any air-conditioning system would be effective in such circumstances in summer.

When we signed our leases years ago in good faith the normal traffic of the Thames was accepted as traditional, picturesque, and an asset. There was, of course, no helicopter activity. The hideous noise and disturbance caused by these machines using the helipad has increased recently, and the licence to operate here which expired at the end of 1983 should never have been granted.

There are plenty of sites along the Thames, where helicopters could operate far from residential and office areas, even if this might be at some trifling inconvenience to the relatively few helicopter passengers to and from the City.

Such travellers would not, presumably, find a mile or two by car or taxi at the beginning or end of a journey to be a relatively remote helipad beyond their means.

Alban Davies, Thompson Lloyd and Ewart, Sir John Lyon House, 5, High Timber Street, EC4.

Telephone service
From the President, Communications Brokers
Sir,—A letter of April 6 from Mr F. L. Walker, concerning telephone service in Hong Kong,

Letters to the Editor

reminded me of a service provided by Hong Kong Telephone Company, the likes of which I have not encountered anywhere else.

Thus, one has to be impressed on arrival at the Hong Kong airport with the fact that public pay telephones are located immediately outside the customs hall and no money is required to make a call—at a time when one has no local coins and is laden with baggage in any case. How thoughtful of George Summerscales, Jr, P.O. Box 1673, New Bern, North Carolina 28560, U.S.

Abolishing the GLC

From Mr D. Franklin
Sir,—Mr Ken Livingstone (May 10) accuses Mr Price of muddled thinking on the Government's proposal to abolish Greater London Council. In a debate at County Hall on the Marshall Inquiry in 1979 Mr Livingstone said: "I feel a degree of regret that Marshall did not push on and say 'think it would be a major saving and would have released massive resources for more productive use... I do not believe you need two tiers of local government, and I very much regret that Horace Cutler has not been the ruthless Tory he likes to project and come forward with the biggest axe of

all and axe the whole appalling show. Minister who is not afraid to stick to his guns, guts and determination."

Commercially-minded readers will know the cost-benefits of looking ahead, over the next hundred years or so, in terms of freight movement and economy, energy, environment and efficiency savings, rather than a mousehole project of a local alternative to a ferry service. The mutual benefits in terms of freight exchange and employment generation have long since been recognised by France and our other Common Market partners and now we will see them stated where we can use them to our own long-term advantage rather than only as a marginal local transport proposition.

The survey itself will show benefits in forward-looking projected terms, rather than current cost accounting with hidden add-ons. The engineering nuances have been conquered over a hundred years ago.

All in all we look forward to seeing a fixed rail link through a bored rail tunnel in full operation within, at the most, the next ten years.

R. D. Hitherway, 44 Westbourne Terrace, W2.

Insubstantial foundations
From Mr M. Briggs
Sir,—Ninety-five per cent of my business contacts feel that Peter Riddell's popular appeal

Fixed Channel link
From the Vice-Chairman Channel Tunnel Association
Sir,—Now that the publication of the "Banana" report is a fact, I feel that you should know that, after 21 years of our own neutral existence and 182(1) years of the project, we look forward to seeing the long-awaited benefits of a Prime

freedoms, rights and status under the present system. Sir Geoffrey Howe has said that any agreement must be acceptable to the people of HK. The fact is, however, that this is only achievable by strong assurances that people of HK will not be deprived of such freedoms.

One possibility (or impossibility) suggested in the statement is for the UK to underwrite such freedoms by allowing Hong Kong people to have a right to settlement in the UK, although this need not confront the UK with a refugee problem. After all, good underwriters seldom have to take up the residual "issues," for the willingness to underwrite itself generates confidence!

Many of my fellow students are from Hong Kong. There has been great concern among us over the progress of the negotiations between Britain and

China. Formal talks, lectures as well as informal discussions, constantly take place on the subject of the future of Hong Kong. Behind this lies a sense of social responsibility, and the realisation that by 1997, we will be active members of society.

And I have no doubt that, as Hong Kong belongs, we would like to see Hong Kong remain as it is, in terms of the various freedoms and way of life which it offers today. This is indeed possible, although, as stressed above, very strong assurances and guarantees are vitally necessary.

I believe that the statement issued by the councillors accurately reflects our views; and those of our friends elsewhere, our families and in general, of the people of Hong Kong.

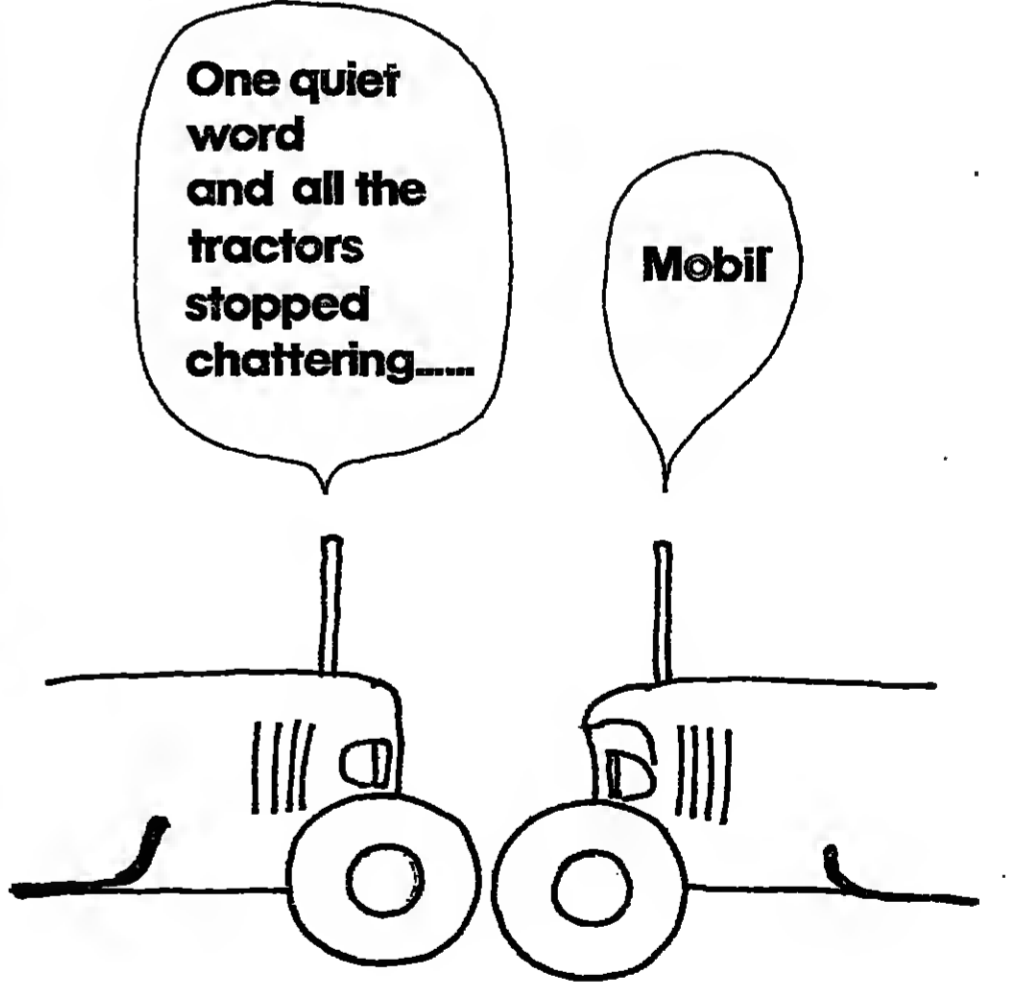
Arnold T. C. Ip, Trinity College, Cambridge.

Assurance wanted on the future of Hong Kong

From Mr A. Ip
Sir,—I refer to the statement issued by members of the Hong Kong Executive and Legislative Councils (summarised on May 10), which expressed deep concern over Britain's handling of the talks with China over the future of Hong Kong.

Amongst other things, the statement emphasises the lack of confidence on the part of HK people in any eventual agreement short of (1) full details of the proposed administrative, legal, social and economic systems applicable after 1997; (2) strong assurances that terms will be honoured by China; and (3) guarantees that the existing rights and freedoms of British nationals in HK will be safeguarded.

As much as any person living in Britain does, the people of Hong Kong greatly value their



It used to be quite a problem down on the farm. Agricultural tractors shuddering and screeching to a standstill instead of a smooth, quiet stop.

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EEC farm tariff and rebate report is defused

By Ivo Dawmay in Brussels

A POTENTIALLY explosive report that threatened to devastate France's main demand during the EEC's farm reform talks has now been harmlessly defused by the European Commission's judicious sense of timing.

But the cost of ignoring the report's conclusion may be measured conservatively at more than Ecu 400m (\$324m) to the Community, DM 1.8bn (\$866m) to the West German treasury and, according to some economists, long-term food-price inflation across Europe.

The report, which examines the effects of the EEC's border tariffs and rebates on intra-Community agricultural trade, is widely believed to have been ready for publication in January. But despite the efforts of Herr Ignatz Kischke, the West German Agriculture Minister, it became inexplicably bogged down while passing through the department of M François-Xavier Ortoli, the French Finance Commissioner.

As a consequence, the report was only finally published four days after Easter, nearly a month after the conclusion of the farm talks and at a time when any Brussels bureaucrat or diplomat capable of raising a furor was safely away on holiday.

The potentially embarrassing nature of the report lies in its admission that monetary compensatory amounts (MCAs), the taxes and rebates that even out the effects of currency fluctuations on commodity prices, may have little or no influence on countries' competitiveness.

France has long contended that its farmers were unduly disadvantaged by the effects of MCAs which tax sales into West German, British and Dutch markets. In consequence, these member states reluctantly agreed to an elaborate and costly formula for dismantling the system as the price for French endorsement of the reforms package.

The report now somewhat shamefacedly concludes that there is no evidence to support the French view. "It may seem surprising to note that from 1973 to 1982 the three member states which increased their shares in the output of MCA products are three member states with negative MCAs - France, Ireland and Italy."

This conclusion will certainly not surprise the West Germans, British and Dutch, who have long argued this point along with a few understandably muted French agricultural economists.

Brussels pressure to boost telecoms, Page 3

Working week cut proposed for Citroën

Continued from Page 1

been compensated by a proportionate reduction in wages.

Both Peugeot and Renault have already made clear that in a declining French car market, and in view of their financial problems, they could not afford a further cut in hours without adequate compensation.

The Citroën situation was no closer to being resolved yesterday. Magistrates ordered the evacuation of workers occupying plants at Levallois and Nanterre, and are today due to announce a decision on the occupation of the large plant at Aulnay. A fourth Citroën plant, at Asnières in the Paris region, has also been occupied.

While the Government attempts to find a solution by proposing shorter hours, the most immediate question now is how and when the plants will be evacuated. With the CGT taking an increasingly tough line and using the conflict for broader political ends, any forced evacuation could lead to ugly clashes.

Kawasaki Steel may join venture to buy Kaiser

By ROBERT COTTRELL IN TOKYO

KAWASAKI STEEL, one of Japan's "big five" integrated steelmakers, may be joining U.S. and Brazilian interests in a \$110m takeover of Kaiser Steel's mothballed Fontana works in Southern California.

The purchase of Fontana, which closed down last August, is being negotiated by Pacific Steel, a U.S. motor parts manufacturer controlled by Mr Michael Wilkinson.

Pacific is discussing a three-way deal with Kawasaki and Cia Vale do Rio Doce (CVRD), the state-owned Brazilian mining company. Under the proposed scheme, the Fontana plant would reopen and roll steel slab supplied from Brazil's Tubarao steelworks.

Kawasaki leads a group of Japanese investors which between them hold a 24.5 per cent stake in the \$3.1bn Tubarao works. Finsider of Italy holds a further 24.5 per cent stake, with the rest owned by Siderbras, the Italian state-owned steel holding company.

Kawasaki is to provide technical assistance to Fontana, but the company has not yet decided whether to take an equity stake in the new venture, a Kawasaki executive said.

The Kawasaki-Fontana negotiations are the third in a series of proposed links between U.S. and Japanese steel makers to emerge in recent months. In April, Nippon Kokan paid \$222m for a 50 per cent stake in National Steel. In February, Nisshin Steel announced plans to invest \$21.5m in Wheeling Pittsburgh.

Both Japanese and Brazilian steel exports to the U.S. are subject to restrictions. Mr Malcolm Bridgic, Secretary of Commerce, in March announced moves to curb Brazilian steel imports into the U.S.

Industry analysts say that Kawasaki's involvement in the Fontana project would be logical, given its desire for the Brazilian plant to have a market for its product. Tubarao opened at the start of this year producing some 2m tonnes of slab a year.

Fontana specialised in hot and cold-rolled steel. It had a design capacity of 3.2m tonnes, although in the year before its closure the level was 943,000 tonnes.

Kawasaki says that it understands that Mr Wilkinson will in charge of reopening the Fontana

works and that the aim is to produce some 700,000 to 800,000 tonnes per year.

Andrew Whitley in São Paulo adds: CVRD's planned minority shareholding in the Fontana steelworks is likely to come from the settlement of a pending U.S. court case which the Brazilian state mining company has brought against Kaiser Steel for breach of an iron ore supply contract.

Provided the court rules in CVRD's favour, this would allow the Brazilian company to take up its shareholding without drawing on fresh capital.

Under the terms of an agreement with the World Bank on CVRD's lending to the Carajas minerals project in the Amazon, the company is prevented from taking up new investments without the bank's permission.

A Siderbras director last week was holding talks with Kaiser on the complex tripartite deal which would guarantee a market for the new Brazilian steelworks. But a spokesman warned that a final conclusion of the deal was still some distance away.

Nato talks on future armaments stalled by costs row

By Bridget Bloom in Brussels

NATO defence ministers who had gathered in Brussels to agree a programme of high technology battlefield weapons yesterday failed to agree how to finance more mundane projects worth less than 1 per cent of the alliance's total defence budget.

The ministers were discussing the funding over the next six years of the infrastructure of Nato military co-operation. This covers subjects such as airfield modernisation, oil pipelines, war storage and advanced communications.

They have narrowed the proposed budget for the next six-year (1985-1990) infrastructure programme to a range of 2.3bn units of account to 5.6bn units of account (\$5.6bn - \$8.7bn). Nato military commanders had originally asked for a programme worth just under \$15.3bn.

However, it is understood that yesterday Mr Casper Weinberger, U.S. Secretary of State insisted the budget should be at least \$9.7bn, while Herr Manfred Wörner, West German Defence Minister, supported by smaller nations, insisted that Bonn could not go higher than \$5.6bn.

Mr Wörner has recently tried to rationalise the funding of its infrastructure programme and to tie it more closely to military plans and targets - also drawn up for a six-year period.

Yesterday's disagreements will set the programme back, for although officials have been given three months to sort out the budget, ministers were apparently unable to give them guidelines on precisely how they should proceed.

West Germany, which contributes 26.5 per cent of the infrastructure programme's cost, only slightly less than the U.S., is one of a number of Nato countries whose defence budgets are currently under considerable strain. Belgium and the Netherlands, each with less than 6 per cent of the infrastructure programme, also objected to the higher totals.

Because of yesterday's arguments, ministers failed to address other key agenda items, including adoption of a list of nearly a dozen high-technology weapons projects for development by 1990.

The controversial U.S. drive to have Nato endorse so-called ET (emerging technology) armaments has been resisted by European members, not least on the grounds of cost.

The programme which defence ministers are likely to adopt before the meeting ends today has not been officially costed, but European ministers have emphasised that no extra money will be available for new projects for some years.

Cracks in the nuclear dyke, Page 2

Thorn EMI and BAe will 'stay British'

Continued from Page 1

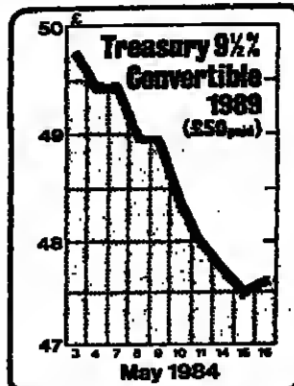
lost another 20p to 563p, bringing the company's market valuation down to £894m (\$1.36bn).

Speculative interest in BAe, however, boosted its shares a further 18p to 338p after Tuesday's 65p gain and its market capitalisation rose to £884m (\$943m).

BAe's gain was partly stimulated by hopes that another suitor might emerge. General Electric, seen as the most likely candidate, would only say yesterday that "we are watching the situation with interest."

Mr Lamont made it plain that the UK Government would not be judging on the industrial merits of any proposed British Aerospace had been privatised and "it would be quite wrong to go on treating the company as if it were still in the public sector."

THE LEX COLUMN Force five on the CU scale



In almost any other context than its own tormented history, the Commercial Union's first-quarter loss of £2.4m before tax would be cause for gloom, even if it can be pinned largely on the winter winds which have blown operating ratios through the roof throughout the UK composite insurance sector. Yesterday Sun Alliance was also owing up informally to a pre-tax loss for the quarter, resulting from weather losses which amounted to £27.5m even after reinsurance. Altogether, the incremental part of these weather losses for the entire sector seems to be settling at around 12 per cent of premiums - probably close to £200m in all.

Despite this burden, share prices improved across the sector. Even for CU, where the weather damage was aggravated by an exceptional swathe of commercial fire claims, which took the operating ratio in this category up to a painful 153 per cent, the share price jumped 8p to 217p. The news that Allianz might be back in the market for a UK composite, after pulling away from its latest takeover campaign in the U.S. must have had something to do with it.

Yet the case for some sort of recovery in CU's profits this year has not been seriously harmed by its experience in the first quarter. It would be bad luck even beyond the norm for CU if its fire losses were to run on at £7m a quarter. But while the rate of loss in the U.S. should drop markedly in response to last year's reserve strengthening, it remains hard to see CU making more than £70m pre-tax in 1984. That should preserve the dividend, without covering it, but it is not an outlook which gives much support to the current share price.

Philips

The figures announced by Philips for the fourth quarter of 1983 were enough of a departure from the company's traditional performance for the doubters to view it as a three-month wonder. Yesterday, however, Philips put those worries to rest with a set of first-quarter results which fully maintained the trend of the previous three months.

The group has admittedly been benefiting from the translation effect of a rising dollar and the general strength of consumer demand in the U.S., but it can also claim to be picking the fruits of its earlier rationalisation efforts in Europe. As if all this were not enough, Philips appears to be gaining market share with its much maligned V-2000 VCR system.

Yet, while the reported first-quarter earnings of £1.262m put Philips comfortably within range of a full year figure of £1.1bn, the company is still a long way from reassuring the market about the prospects for

House of Fraser

The rent-a-board tactic unveiled yesterday by Lorbio is the most blatant ploy yet adopted in the company's campaign to detach Harrods from the House of Fraser. Election of the 12 members of the Lorbio All-Stars team would leave the company with effective majority control of the House of Fraser board. Lorbio is insisting that the resolution is not designed to consolidate its own position in the House of Rowland - whoops - Fraser.

Gilt-edged market

The Government Broker must be grateful that the gilt market can sometimes stage the sort of quick change in sentiment seen in the last 36 hours. A rally in the U.S. long bond on Tuesday night and a stronger opening by sterling yesterday morning provided ideal conditions for the GB to find buyers for his convertible tap, once he had cut the price from £50 to £47. That in turn gave the market a new floor to rise from, and fortunately the long bond showed it could sustain its re-

Paris sets out fresh proposals to stabilise exchange rates

By DAVID MARSH IN PARIS

FRANCE HAS put forward fresh proposals to set up internationally agreed currency "target zones" to try to stabilise exchange rates.

The proposals were put to a meeting of international monetary officials in Paris yesterday, as a means of revitalising the initiative launched by President François Mitterrand a year ago of the new Bretton Woods conference to reshape the world monetary system.

The target zones proposal would set informally agreed fluctuation bands for key currencies to improve central banks' control of the exchange rates. The idea has long been favoured by the French, and also figured in Mitterrand's proposals last year.

At the meeting yesterday, which brought together senior Treasury officials and Central Bankers from the Group of Ten industrial coun-

tries (11 with Switzerland), a French paper setting out the fresh proposition was given a cool reception by U.S. Treasury representatives, according to delegates leaving the meeting.

The Group of Ten officials were given the task of paving the way for monetary reform talks at last year's seven-nation Williamsburg summit.

Yesterday, the officials were drawing up a progress report on their deliberations so far, due to be presented to a meeting of Group of Ten finance ministers in Rome on Saturday.

Underlining splits within the Group, the report does not put forward a consensus view on paths to reform, but emphasises that views are divided on certain issues.

The Mitterrand suggestion of a new Bretton Woods conference is now widely seen as out of the ques-

tion in the foreseeable future. A key stumbling block has been the steadfast refusal of the Reagan Administration to discuss in the Group of Ten meetings any links between present U.S. monetary and fiscal policies and the dollar exchange rate.

The French are also pressing for an increased currency surveillance role of the International Monetary Fund and a fresh distribution of Special Drawing Rights, the Fund's composite currency reserve unit.

Officials yesterday said they hoped some agreement could be achieved at this autumn's annual IMF meeting. Decisions on other issues, such as exchange rate stabilisation, could not, however, be expected until after the U.S. elections, in the first half of 1985 at the earliest.

IBM and Merrill Lynch near to information system launch

By PAUL TAYLOR IN NEW YORK

MERRILL LYNCH, the Wall Street securities firm, and IBM, the world's largest computer manufacturer, yesterday moved further towards offering their wide-ranging electronic financial information network.

The two companies, which announced the joint venture last month, said the new system - which promises serious competition for established electronic news and market quote companies such as Reuters, Telerate and Quotron - will be called International Market-Net (IMN), will begin "full marketing operations later this year," and plans to have its first pilot systems installed "by the second quarter of 1985."

The two corporate giants also announced that the new company will

be run by a team of managers from both companies led by Mr Joseph Castellano, divisional director of Merrill Lynch's corporate systems division, who was named IMN's president and chief executive.

Yesterday's announcement came the day after Reuters, the UK-based news and electronic information group, announced details of its plans to go public in the UK and the U.S. with a share offering which valued the company at more than \$1.24bn.

The IBM-Merrill Lynch project has already sent waves of concern drawing up the fast-growing U.S. electronic financial information industry, where it is viewed as a serious potential competitor, although most industry executives have doubts about whether it will match its

start-up date targets or reach the mass market which IBM and Merrill Lynch are clearly aiming at.

Merrill Lynch and IBM have already made clear that the project is designed to provide a wide range of computer-based financial information and office services to customers. Ms Christine O'Connor, a departmental manager at Merrill Lynch closely involved in the project, says it is designed to be "an information gateway."

Yesterday, Merrill Lynch and IBM said that, initially, IMN will market the system, which includes word processing and other office automation functions capable of running on any IBM personal computer, to brokerage firms, commercial banks, thrift institutions and these companies' private clients.

Car plants close in West Germany

Continued from Page 1

But the company said it could be able to continue operations this week at other plants, including Mannheim, Berlin, Düsseldorf and Hamburg.

BMW said that assembly lines would stop during today at factories in Munich, Dingolfing and Landshut in Bavaria, while most production would be stopped at the Berlin motorcycle plant by tomorrow night. About 20,000 workers would be affected.

BMW said the lost production would affect the company's market share and its future planning. "The increase in jobs originally planned for this year are, in the management's view, placed in doubt," it said.

Audi said it would have to stop production by the last shift tomorrow at its factories at Neckarsulm and Ingolstadt. This would affect about 15,000 workers.

Porsche said it would decide to-

day or tomorrow just how much longer it could continue to produce.

Rupert Corwell adds from Bonn: The troubles in the West German printing industry spread yesterday as IG Druck, the militant print workers union, called out about 10,000 employees in 90 plants throughout the country.

The disruption is the latest in a series of strikes organised by the union, which is also campaigning for the 35-hour-week.

Delfim in Tokyo for credit talks

By ANDREW WHITLEY IN SÃO PAULO

SR ANTONIO Delfim Netto, the Brazilian planning minister and economic chief, arrives in Tokyo today to try to arrange a \$700m package of credits and loan guarantees for Brazil.

The aim is to conclude negotiations before President João Figueiredo's state visit to Japan next week, to allow a formal signing ceremony on the protocols to be the highlight of the trip.

The most important single item in the financial package - and one over which there has been most controversy in Japan - is represented by \$500 in Japanese Exim-bank loan guarantees.

This forms part of the \$2.4bn package of official support for Brazil from creditor governments, worked out by the International Monetary Fund last year but not yet implemented.

The controversy is believed to have centred on legal obstacles in Japan, to short-term assistance from the Eximbank.

An additional explanation, put forward this week by Sr Erane Galveas, the Brazilian Finance Minister, was that the Japanese Government was unable to provide new official support while Paris Club negotiations were under way. Brazil's negotiations with its 14

Paris Club creditor governments over the roll-over of part of its 1983 and all of its 1984 official debt are bogged down in disagreements over the amount to be renegotiated.

Despite these obstacles, the Brazilian authorities are confident that Sr Delfim will be able to reach agreement over the next few days in Tokyo.

This would be based on a "shopping list" of Japanese goods which could be imported by Brazil this year under new credit lines which would become available.

Bolivia's battle to unite austerity and democracy, Page 6

World Weather

Location	Temp	Wind	Cloud	Temp	Wind	Cloud
Alicante	15	58	C	22	72	F
Algeria	24	75	S	17	63	F
Amsterdam	16	61	C	18	64	F
Antwerp	23	73	F	17	63	F
Bahia	23	73	F	17	63	F
Bangkok	16	61	C	17	63	F
Berlin	22	72	F	17	63	F
Bombay	22	72	F	17	63	F
Buenos Aires	11	52	C	17	63	F
Cardiff	14	57	C	17	63	F
Caracas	24	75	S	17	63	F
Cebu	11	52	C	17	63	F
Colon	11	52	C	17	63	F
Dublin	11	52	C	17	63	F
Edinburgh	11	52	C	17	63	F
Geneva	11	52	C	17	63	F
Hankow	11	52	C	17	63	F
Hong Kong	11	52	C	17	63	F
London	11	52	C	17	63	F
Lyons	11	52	C	17	63	F
Madrid	11	52	C	17	63	F
Manila	11	52	C	17	63	F
Mexico	11	52	C	17	63	F
Montevideo	11	52	C	17	63	F
Osaka	11	52	C	17	63	F
Paris	11	52	C	17	63	F
Perth	11	52	C	17	63	F
Rangoon	11	52	C	17	63	F
San Francisco	11	52	C	17	63	F
Singapore	11	52	C	17	63	F
Sourabaya	11	52	C	17	63	F
Tokyo	11	52	C	17	63	F
Yokohama	11	52	C	17	63	F

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Philips shows strong gain in first quarter

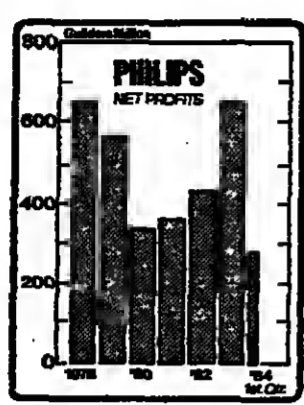
BY OUR FINANCIAL STAFF

PHILIPS, the Dutch electrical group, has turned in bumper profits for the first quarter of 1984, lifting after tax earnings to F1 282m (\$91m) from the F1 122m of the same period of 1983.

Sales have risen strongly with actual volume gains extending to 9 per cent for the quarter, against 5 per cent for the whole of last year. Overall, turnover for the three months was 19 per cent higher at F1 12,036m.

The latest profits virtually match the F1 285m of the final quarter - a seasonally strong trading period - of 1983 and they confirm Philips' forecast that profits this year will show further strong gains.

Sales growth was strongest in the electronic components, information systems, medical systems, major domestic appliances and lighting sectors.



However, sales growth of most consumer products stayed below the company average outside the U.S., reflecting the difficult market for home electronics for sound and vision, the company said.

Philips said that its North American sales showed the strongest increase, while growth in Asia also was substantially above average. In Europe, accounting for 52 per cent of turnover, sales growth was slightly below the company average.

Trading profit improved to 6.9 per cent of sales from 4.8 per cent in the opening three months of 1983. Industrial supplies showed the strongest growth in trading profit, reflecting improved capacity utilization and higher selling prices.

The home electronics sector improved slightly, but trading profit for domestic appliances and personal care products lagged below the year-earlier level.

Pre-tax profits were F1 50m against F1 214m a year earlier. The tax charge at F1 226m against F1 120m represented a decline to 45 per cent from 50 per cent in 1983.

Paribas group earnings up 10%

By David Marsh in Paris

COMPAGNIE Financière de Paribas, the French state owned financial and industrial group, boosted net profits to Ffr 557m (\$85.9m) for 1983, up 10 per cent from the previous year's figure of Ffr 506m.

Net profit of the group before deduction of minority interests came to Ffr 1.21bn against Ffr 1.15bn in 1982. This was after taking account of an 11 per cent rise in provisions to Ffr 2.5bn. Operating profits rose 11 per cent to Ffr 5.6bn.

The results include for the first time the accounts of Paribas' New York investment banking subsidiary Becker, in which it took a majority stake just over a year ago. Paribas has just announced it is now buying 100 per cent control of the New York operation.

Consolidated balance sheet total rose 40 per cent to Ffr 505bn. A total of 60 per cent of profits came from activities outside France, Paribas said.

The overall value of the group's investment portfolio, taking into account appreciation of its securities and property investments, rose 13 per cent last year to Ffr 18.9bn.

Reorganisation costs increase Poclair loss

By Our Financial Staff

POCLAIR, the troubled French earthmoving equipment group, has missed its loss forecast for 1983 by a considerable margin following heavier than expected reorganisation costs.

Net losses for the year emerge at Ffr 238m (\$28m), against Ffr 203m for 1982. Earlier this year Poclair in which Case Teneco of the U.S. has a big stake, said its deficit for 1983 would be less than Ffr 200m.

Group sales were little changed at Ffr 2.92bn, compared with Ffr 2.95bn. For the first quarter of 1984, parent company sales stood at Ffr 661m, up 4 per cent from the same period a year earlier.

Poclair has been hard hit by the weak demand for construction equipment in France and abroad. In March, the company announced a major reorganisation plan calling for plant closures and redundancies.

Under the strategy, the company's capital will be raised by Ffr 250m, with Case-Teneco agreeing to underwrite 47.7 per cent of the increase. Poclair said the increase will be completed by June.

Hewlett-Packard profits and sales up by 30%

BY TERRY DODSWORTH IN NEW YORK

HEWLETT-PACKARD, the U.S. electronics and computer company, achieved a 30 per cent gain in both sales and earnings in the second quarter of its financial year, despite a big surge in marketing expenses. Net income amounted to \$141m, or 43 cents a share, against \$109m, or 33 cents a share, in the same period of last year. Sales rose to \$1,327m against \$1,170m in 1983.

Mr John Young, president and chief executive, said sales growth was now more in line with order expansion over the last few quarters. The electronic test and measurement business, he added, had been particularly strong, with sales and profits exceeding expectations.

Second quarter expenses, which rose by 30 per cent overall, had continued to reflect the company's development of personal computer products. During the three month period, Hewlett introduced its HP 150 Touchscreen personal computer in Europe with extensive advertising, and added two products to its range - the Thinkjet non-impact printer, and a portable battery powered computer.

New orders rose by 30 per cent from \$1,245m to \$1,611m, with domestic orders particularly strong at \$653m, an increase of 33 per cent. All four of the company's divisions showed second quarter order increases over the same period of last year.

The third quarter sales breakdown showed computer products up from \$603m to \$803m, electronic test and measurement rising from \$433m to \$570m, medical electronic equipment up only marginally from \$89m to \$90m, and analytical instrumentation increasing from \$47m to \$50m.

For the six months ended April 30, total sales amounted to \$2,856, a 26 per cent increase on the same period last year, while net earnings rose by 22 per cent to \$236m, equal to 92 cents a share.

Orders for the six months period were up by 30 per cent to \$3.1bn.

Italian chemical group in acquisition

By Alan Friedman in Milan

MONTEDISON, Italy's chemical giant, yesterday paid L3,750m (\$37.5m) to acquire control of Mira Lanza, the leading Italian detergents and soap manufacturer.

The Milan-based Montedison is to receive 60.7 per cent of the shares of Mira Lanza from the Invest Group, a private conglomerate controlled by the Bonomi family. Montedison said last night it was paying L31,020 a share for 2m Mira Lanza shares. This price is below yesterday's Mira Lanza closing share price on the Milan bourse, which was L22,000, down L1,000 on the day.

The Montedison acquisition was described by the purchaser as a "strategic move" in terms of both diversification and vertical integration. Montedison manufactures many of the intermediate chemical products used in the detergent sector.

For its part, the Invest Group said it had accepted the Montedison offer "because there will be a lot of liquidity for us which we can use for other investments". Invest, which has interests ranging from the construction industry to vineyards, is said to be in need of capital.

Mobil's Superior bid unchanged

By Our Financial Staff

MOBIL expects its \$5.7bn acquisition of Superior Oil to go ahead in the absence of a challenge to the deal by the U.S. Government.

The takeover was delayed while the Federal Trade Commission studied the merger for possible anti-competitive effects. The legal waiting period expired last night, and Mobil said that there had been no objection by the FTC.

Sea Containers ahead after sale of ship

By Andrew Fisher in London

SEA CONTAINERS, the Bermuda-based container leasing and shipping group, yesterday reported a jump in first-quarter earnings to \$18.6m from \$9.5m a year ago and said the full year's result would also be higher.

The company, which is preparing a bid for Sealink UK, the ferry arm of British Rail, benefited in the first three months from the sale of a ship, the Contender Bezan.

Revenues in the period rose to \$50.4m from \$33.8m including a \$9.4m gain on asset sales. Interest was paid for the first time on the \$62.5m notes issued when it bought the container business of SeaCo, its sister company.

Firestone fails to win control of Spanish unit

BY WILLIAM HALL IN NEW YORK

FIRESTONE Tire & Rubber, the big U.S. tyre company, has failed in its bid to win full control of its Spanish affiliate, Firestone Hispania, but says it expects to increase its stake from 26 per cent to 49 per cent.

Last year Firestone announced it had reached agreement in principle to purchase the majority interest in Firestone Hispania, one of Europe's biggest tyre producers, from a group of banks which had held the majority of the shares in Spain's biggest tyre company since it was formed in 1932.

The move was designed to strengthen substantially Firestone's European business, and there were reports that Firestone

Hispania was to become Firestone's principal European operation.

Firestone announced that it had reached agreement yesterday with the group of Spanish banks under which it expects to increase its ownership in its Spanish affiliate from 26 per cent to 49 per cent. This will be done through a public tender offer and through a subscription to a new issue of common shares.

Under the arrangement, which is subject to obtaining a labour agreement with trade unions at the three Spanish plants, Firestone Hispania will become a major exporter of tyres to Firestone International, the overseas arm of the U.S. group.

Firestone will supply the Spanish company with managerial services

Lockheed pays cash dividend

By Our Financial Staff

LOCKHEED, the California-based aerospace group, will pay a 30 cents a share dividend - its first quarterly payout since December 1983.

The dividend, payable on June 11 to shareholders registered on May 29, totals 15 cents a share, which Mr Roy Anderson, the chairman, described as "appropriate," leaving the company with a reserve to allow it to seek acquisitions.

Mr Anderson also said that Lockheed expected "to continue to show progress" in earnings in 1984.

Intel deficit at \$3m

BY PAUL TAYLOR IN NEW YORK

INTEL, the San Francisco railway wagon and container leasing company which emerged from Chapter 11 bankruptcy proceedings last September, has reported a \$3.4m first quarter loss compared with a \$4m net profit from continuing operations in the same period last year.

In the 1983 first quarter a \$1.6m gain from discontinued operations and a \$4.8m gain from a tax loss carry-forward made final net earnings of \$10.4m.

Intel, which had revenues of \$47.1m in the latest quarter against \$41.8m a year earlier, said im-

proved operating earnings in the first quarter were more than offset by \$14.9m in net interest expenses.

The company also noted that the 1983 figures reflected the special circumstances of operating under Chapter 11, including extraordinarily high interest income.

Intel, which reported a \$1m loss in the 1983 fourth quarter, had earlier warned in its annual report that it expected to report quarterly net losses this year because of the interest burden associated with its post-reorganisation debt.

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Seibu moves to reconstruct Osawa

By Yoko Shibata in Tokyo

THE LOSSES suffered by Israel's commercial banks in 1983—one of the worst banking years in Israel's history—according to the annual report of one bank—have led to reorganizations between banks and the Treasury.

The heads of the main banks blame the poor performance of their banks on government interference. However, Mr Yigal Cohen-Orgad, the Finance Minister, rejects this criticism and instead accuses the bankers of failing to keep their expenses in line with revenues.

After adjustment for inflation the three big banks lost U.S.\$221m between them: Leumi lost \$71.9m, Hapoalim \$101m, and Discount \$38m. The four smaller banks, Mizrahi, lost \$8.8m.

Only one of the five main banks, the First International Bank of Israel (FIBI), managed to make a profit, albeit a modest one of \$4m. Two smaller banks, Barliys-Discount and the Israel General Bank also managed to stay in the black.

Yet despite the modest achievements of the smaller banks last year and the fact that all the banks operated in the same difficult economic climate and were subject to the same monetary policies, the big banks blame their troubles on the Government.

Mr Ernest Japhet, chairman and chief executive of Bank Leumi, castigated the treasury for its "catastrophic" fiscal and monetary policies in 1983. When presenting the bank's balance sheet he said it was these policies which led to the bank losing money.

The Government's policy of not permitting banks to raise interest rates in line with inflation, as part of the deflationary policy of the treasury, meant that they were not able to charge reasonable interest rates on loans, according to Mr Giora Gazit, chairman of the board of management of Bank Hapoalim.

Another contributory factor towards the losses, according to Mr Raphael Recanat, chairman of Israel Discount Bank, was that the banks had to pay tax advances on nominal (inflationary) profits, and then had to pay high fines for overstepping the liquidity ratio in order to pay the taxes, which should never have been levied in the first place as the banks lost money.

One of the most serious complaints made by the big banks is that the Treasury attempt to curb inflation by maintaining an artificially high value on the shekel against the dollar, fed the public's belief that there would be a major devaluation at some point.

This led to a flight from shekel accounts and shares, especially bank shares, into dollar and other foreign currency equivalents. The big banks, which had been supporting their shares on the Tel Aviv stock exchange, had to borrow heavily abroad for this purpose. But as the run on shares accelerated through September and into early October, the banks found they could no longer support their shares and had to appeal to the Government to bail them out of the crisis.

Fearful for the stability of the banks and other foreign currency shares at the dollar equivalent price prevailing on the day before trading on the exchange was suspended in October.

Israeli bankers blame Government for losses

Despite being rescued by the Government, the banks still insist that it was the Treasury's policies which caused their problems.

Mr Cohen-Orgad, who took over as Finance Minister, after his predecessor was ousted during the October economic crisis, rejects all this criticism. The people who run the banks, not the Government, are responsible for the losses, he says.

The "regulation" of their shares by the banks, the Minister said, was a symptom of the lack of reality in the way the banks operated.

He also rejected the banks' demand for help to improve their profit position by refunding tax advances and liquidity penalties.

The minister's argument that it was poor management, the failure to keep expenses in line with income, is supported by senior executives at First International, the only one of the five major banks to make a profit.

While agreeing that the policies of the previous Finance Minister, Mr Yoram Aridor, did create problems for the banks, FIBI executives point out that for one thing their bank did not get involved in "regulating" its own shares, and secondly it managed its liquidity requirements so that penalties were kept to a bare minimum.

Above all, however, FIBI and the other major banks which turned a profit, believe that it was the faster response of their managements to developments in the market place which helped them to stay in the black during a tough year.

Since the October crisis, all the banks have been stepping up drives to curb expenditure.

Most leading banks now claim that their operations are on the road to recovery, and according to Mr Aharon Meir, chairman of the United Mizrahi Bank, nearly all the negative aspects of 1983 began to disappear early in 1984.

ACI lifts earnings for year by 128%

By Michael Thompson-Nod in Sydney

ACI International, a diversified Australian glass maker, building materials supplier and coal miner, boosted net profits by 128 per cent in the year to March 31, from A\$10.9m to A\$47.8m (US\$44m), though it has not yet revealed the heights of 1981-82. Interest payments totalled A\$64m (A\$71m previously) and depreciation, A\$100.7m (A\$90.4m). Tax rose from A\$25m to A\$30.5m. Interim dividend is 7.5 cents per share (same) for a total of 15 cents a share (same).

Sir William Pettigrew, chairman, said the group would continue to take the measures needed to build on the recovery seen in 1983-84, including the further disposal of low profit operations, reduction of costs, and significant cutting of inventory levels.

"The board is confident that these measures will lead to a further increase in profitability, ensuring the maintenance of a favourable economic climate in Australia and New Zealand," he said.

Profits in New Zealand were 50 per cent higher, but there was a loss of A\$4.1m in Australia given difficult operating conditions in Malaysia and Singapore.

The Australia and New Zealand Banking Group plans to acquire the full floor membership on the Sydney Futures Exchange, held by Dalgety Futures Pty, AF-DJ reports from Sydney.

The cost of the purchase was not disclosed.

ANZ said the move follows the greater trading activity in financial instruments on the Sydney Futures Exchange and is part of the bank's effort to expand its role in financial markets.

David Lennen in Tel Aviv reports on the reorganizations between leading commercial banks and the Treasury over who is responsible for a bad year.

Rehabilitation possibilities have been investigated in a report submitted by Mr Miyake, which called for liquidation of the camera division the prime reason for the default. However, Mr Miyake found that sponsorship by large corporations is indispensable for Osawa's reconstruction, and asked the Seibu group to appoint a receiver for the company.

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17 May, 1984
THE CHASE MANHATTAN BANK N.A.
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Pioneer Electronic swings into black in first half

BY OUR TOKYO STAFF

PIONEER Electronic and its consolidated subsidiaries reported a net profit of ¥4.5bn (¥19.7m) from net deficits of ¥1.9bn in the same period of the previous fiscal year, thanks to an improvement in earnings by its overseas subsidiaries.

Consolidated half-year sales were ¥181.3bn, up by 5.7 per cent from the previous year, with domestic sales of ¥60bn, up by 13 per cent and overseas sales of ¥121.3bn, up by 1.4 per cent. Consolidated half-year net profit per share was ¥38.66, against net deficits of ¥10.18.

During the half year, sales of audio equipment, accounting for 42.8 per cent of the total sales, declined by 10 per cent from the previous year, affected by an unexpectedly slow sales recovery in both domestic and European markets. However, sales of its video division—mainly LaserDisc—jumped by 128 per cent to account for 15 per cent of the total sales.

Sales of car electronics products, accounting for 33.8 per cent of the total sales, surged by 5.2 per cent.

Overseas subsidiaries improved earnings by trimming down inventories of audio equipment.

The parent company recorded recurring profits of ¥7.0bn, up 33.5 per cent, net profits of ¥2.7bn, up by 13 per cent, and sales of ¥117.5bn, up by 3.5 per cent.

In the latter half of the current fiscal year ending September 1984, the company faces the prolonged recession in the audio equipment sector, inventory adjustment in citizens band radios, and the impact of the yen's steep rise against European currencies.

On an unconsolidated basis, Pioneer projected full year recurring profits and net profits, on full year sales of ¥250bn,

JAPANESE RESULTS

NTN TOYO BEARING Securities and euro para				SHIN MEIWA INDUSTRY Trucks and machinery			
Year to	Mar '84	Mar '83	%	Year to	Mar '84	Mar '83	%
Revenue (bn)	232	192	121	Revenue (bn)	65	64	102
Pre-tax profits (bn)	12.2	11.2	109	Pre-tax profits (bn)	3.28	3.04	108
Net profits (bn)	7.08	6.04	117	Net profits (bn)	1.32	1.04	127
Net per share	22.04	21.11	104	Net per share	20.47	20.72	99
Dividend (total)	7	7	100	Dividend (total)	8.75	7.5	115

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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 12 1/2% per annum. The Coupon Amount will be U.S.\$32.15 in respect of U.S.\$5,000 denomination and will be payable on 19th November, 1984, against surrender of Coupon No. 7.

16th May, 1984
Manufacturers Hanover Limited
Reference Agent

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1st qtr.	113.9	94.4	85	105.5	113.9	3,003	124										
2nd qtr.	95.5	94.1	90	107.2	119.7	2,867	135										
3rd qtr.	101.5	96.0	91	108.3	124.0	2,958	160										
4th qtr.	102.9	97.1	95	110.3	151.4	2,941	182										
October	102.2	96.4	92	109.9	138.4	2,941	182										
November	102.5	96.5	94	109.9	138.4	2,941	182										
December	104.0	98.5	98	111.0	178.5	2,946	155										

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacturing, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1st qtr.	95.7	91.5	105.0	91.0	99.5	88.5	18.1										
2nd qtr.	95.6	90.0	105.8	92.2	104.2	88.8	20.0										
3rd qtr.	97.1	91.2	108.5	93.9	104.5	90.1	17.5										
4th qtr.	97.9	92.3	110.1	95.9	108.3	92.1	15.9										
September	97.0	91.0	110.0	93.0	106.0	91.0	18.3										
October	98.0	91.0	109.0	94.0	110.0	91.0	18.5										
November	98.0	91.0	110.0	94.0	110.0	91.0	18.2										
December	98.0	95.0	111.0	98.0	111.0	91.0	11.0										

EXTERNAL TRADE—Indices of export and import volume (1980=100); trade balance, current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves (£m).

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1st qtr.	102.3	104.5	+203	+1,094	+1,801	97.7	17.24										
2nd qtr.	100.3	106.6	-469	-37	+1,580	88.2	17.71										
3rd qtr.	99.3	106.5	-248	+633	+1,321	59.4	27.30										
4th qtr.	107.4	112.7	+4	+338	+1,321	59.4	27.30										
September	102.0	107.2	+52	+332	+523	99.0	17.90										
October	103.2	118.0	-423	-312	+561	98.8	18.10										
November	104.8	108.2	+71	+183	+681	98.7	18.16										
December	114.3	112.1	+358	+469	+991	98.7	17.03										

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1st qtr.	9.5	8.1	10.6	+4,456	1,174	3,320	10.50										
2nd qtr.	15.3	14.6	15.0	+5,087	1,071	2,540	9.50										
3rd qtr.	8.5	8.4	24.6	+1,491	2,098	2,646	9.50										
4th qtr.	10.4	8.1	18.9	+4	2,745	2,618	8.00										
September	0.6	2.1	29.7	+71	834	892	8.00										
October	8.6	4.5	22.8	+1,770	897	889	9.00										
November	7.5	6.8	22.6	+1,413	870	889	9.00										
December	15.3	15.2	11.9	888	861	8.00											

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices (1980=100); manufacturing output (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1978=100).

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1st qtr.	144.7	124.6	121.8	327.0	302.1	277.50	60.5										
2nd qtr.	148.0	123.6	124.2	333.7	306.3	272.50	64.2										
3rd qtr.	150.9	124.7	125.1	338.0	310.4	268.14	64.9										
4th qtr.	153.2	128.4	126.7	341.8	316.4	266.50	63.4										
September	151.7	127.4	126.8	341.5	314.5	263.18	63.2										
October	152.8	128.2	126.8	341.5	318.1	268.16	63.7										
November	152.8	127.4	126.8	342.8	318.5	268.50	63.7										
December	153.1	131.6	127.3	342.8	318.5	268.50	63.7										

U.S. \$1,000,000,000 Kingdom of Sweden

Floating Rate Notes Due 2003

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 17th May, 1984 to 19th November, 1984 the Notes will carry an interest rate of 12 1/2% per annum. The interest amount payable on the relevant interest payment date which will be 19th November, 1984 is U.S. \$649.06 for each Note of U.S. \$10,000.

Credit Suisse First Boston Limited
Agent Bank

U.S. \$40,000,000

Banamex Banco Nacional de México, S.A.

Floating Rate Capital Notes Due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 17th May, 1984 to 19th November, 1984 the Notes will carry an interest rate of 12 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$65.23.

Credit Suisse First Boston Limited
Agent Bank

In war, in peace you need his help

When help is needed, please help him and his dependants

A donation, a covenant, a legacy to
THE ARMY BENEVOLENT FUND
will help soldiers, ex-soldiers and their families in distress

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INTERNATIONAL COMPANIES and FINANCE

Bayer opens year with 40% surge

BY JOHN DAVIES IN LEVERKUSEN

BAYER, the West German chemicals and pharmaceuticals group, is optimistic about its performance this year after a further strong boost to sales and profits in the first quarter.

weaker tendencies in the third quarter of this year and that the fourth quarter would show to what extent this was only a seasonal problem.

profits, along with the company's efforts to economise and restructure problem areas.

Bayer's synthetic fibres division benefited from a big increase in sales last year and was out of the red for the first time in many years.

BAYER'S WORLDWIDE MARKETS

Table with 3 columns: Region, % of total sales 1977, % of total sales 1983. Rows include West Germany, Rest of EC, Other Europe, North America, Central & S. America, Middle East, Asia, Africa, and Total outside Europe.

Gevaert's West German operation, in Bayer's Metzeler subsidiaries and in two operations involved in petrochemical products and organic chemicals.

Vallourec seeks to cut stake in Valeyx

By David Housego in Paris

VALLOUREC, France's leading manufacturer of steel tubes, is seeking to reduce its stake in its loss-making subsidiary, Valeyx.

Dunlop Malaysia to sell stake in tyre factory to Sime

BY WONG SULONG IN KUALA LUMPUR

THE YEAR-OLD dispute between Dunlop Malaysian Industries (DMI) and Sime Darby over control of a tyre factory has now been resolved.

groups, and has since accumulated losses of 8m ringgits.

New offer for City Investing

NVF, a company controlled by the financier Mr Victor Posner, and several of its affiliates have offered to acquire City Investing for \$52.50 a share.

The proposal calls for the merger of City Investing, a New York group with interests in insurance, manufacturing, printing, hotels and housing, into a newly formed subsidiary, Nevco.

Brown Boveri forecasts decline in turnover

BY JOHN WICKS IN ZURICH

THIS YEAR will be a very difficult one for Brown Boveri, the Swiss engineering group, according to Herr Franz Luterbacher, the chairman.

countries had so far led to hardly any increase of demand for group products, while the financial problems of the Third World continued.

SwFr 364m, respectively. Although the parent company is expected to show a sharper rise in new-order value than the group this year, the Swiss division continues to suffer from what he called an "unsatisfactory work load."

the end of 1983 as part of a group order book of about SwFr 15bn.

Lisbon bank move

Sumitomo Bank and Lloyds Bank International have joined Portuguese interests in forming a merchant bank in Lisbon, AP-DJ reports from Tokyo.

Public Works Loan Board rates

Table with 3 columns: Years, Quota loans repaid, Non-quota loans A* repaid. Rows include Three, Over 2 up to 4, Over 4 up to 6, Over 6 up to 8, Over 8 up to 10, Over 10 up to 15, Over 15 up to 25, and Over 25.

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal & repayment by half-yearly annuity (fixed capital half-yearly payments to include principal and interest). ‡ With half-yearly payments of interest only.

FN plans BFr 1.2bn fundraising

BY PAUL CHEESERIGHT IN BRUSSELS

FABRIQUE NATIONALE Herstal (FN), the troubled Belgian armaments and aerospaces manufacturer, has moved to strengthen its balance sheet with plans to float a convertible debt issue and raise a government loan for a total value of about BFr 1.2bn (\$21m).

The convertible and subordinated debentures will be offered to shareholders on the basis of one unit for every two shares.

ment of Wallonia. The group, which last year broke even, has paid dividends in only one year since 1980.

U.S. \$100,000

Taiyo Kobe Finance Hongkong Limited

Guaranteed Floating Rate Notes Due 2004

Guaranteed as to payment of principal and interest by The Taiyo Kobe Bank, Limited

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 17th May, 1984 to 17th November, 1984 the Notes will carry an Interest Rate of 12 1/4% per annum.

Credit Suisse First Boston Limited Agent Bank

Deutsche Bank interest margins narrow

BY OUR FINANCIAL STAFF

DEUTSCHE BANK has maintained operating earnings in the first four months of 1984, shareholders were told at the annual meeting.

Meanwhile, Bayerische Landesbank Girozentrale expects another satisfactory year for earnings in 1984 with first quarter results running on a par with the levels of the same period last year, the annual press conference was told.

was used to cover possible losses on foreign and domestic business.

Banco Nacional de Comercio Exterior, S.A.

U.S. \$50,000,000

Floating Rate Certificates of Deposit due 1984

In accordance with the provisions of the certificates, notice is hereby given that for the interest period from 17th May 1984 to 19th November 1984 the certificates will carry a rate of interest of 12 1/4% per annum.

Agent Bank

Chemical Bank International Limited

London Branch

KLEINWORT BENSON FINANCE B.V.

US \$50,000,000

Guaranteed Floating Rate Notes 1991

convertible until 1985 into 10 1/2% per cent. Guaranteed Bonds 1995 and unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

KLEINWORT, BENSON, LONSDALE PLC

For the three months 17th May, 1984 to 17th August, 1984 the Notes will carry a Rate of Interest of 12 1/4% per cent. per annum with a Coupon Amount of US\$ 155.73.

Chemical Bank International Limited Agent Bank

RENFIE RED NACIONAL DE LOS FERROCARRILES ESPAÑOLES. Financial advertisement for bonds and loans, including terms, amounts, and agent information.

It's a diabolically tender trap.
 A car is, after all, likely to be one of a man's largest investments outside his home.
 And, in some ways, an even more emotionally-charged one.
 In the circumstances, the lure of an exotic name is perfectly understandable.

Paradoxically, there is a danger in playing safe.
 It's true that manufacturers constantly update their cars on a superficial level, causing us all something of a flutter each August.

But it's also true that only by starting from scratch can any fundamentally new ideas in car design be incorporated.

Certainly, a number of cars on the roads today are hiding the thinking of a decade ago behind well-respected names.

And a decade is a long time in the car world.

You can now buy an executive saloon car that goes a great deal faster than the low-slung soft-top you were so passionate about in your more impressionable days.

Acceleration of 0 to 60 in 8.3 seconds coupled with a top speed of 143 mph is now a possibility.

(Indeed, anyone who does any autobahn driving might well consider it a necessity.)

Aerodynamics, hardly taken into account by car designers five years ago, are considered vital to a car's success today.

Because a low aerodynamic drag factor contributes significantly to both a high top speed and the ability to travel upwards of 500 miles on a tankful of petrol.

Almost lag-free intercooled turbo-charging is another contributor towards the high performance/low consumption goal.

By simply re-directing exhaust gases, turbo-charging boosts an engine's performance way beyond its naturally-aspirated capabilities.

While yesterday's cars rely on muscle to deliver power, today's cars rely on ingenuity.

Witness, the engine in the 143 mph car not quite shown here is a modest 2.2 litres.

of the that, for the first time in more than 100 years, the population of the rural communes (ages) is growing faster than of the towns.
 The population of P which was still growing at per cent a year between 1975 and 1978, declined by 0.5 cent a year between 1978 and 1982. In the case of Lyons,

When you've got £17,000 to spend are you impressed by the new



THE GOVERNMENT FUEL FIGURES FOR THE CAR REFERRED TO HERE ARE

هكزا صند القليل

Jelly in the car

A new definition of what constitutes 'luxury' equipment seems called for, too.

The car we seek to interest you in has a Climate Control System so sophisticated that, once set, it need never be adjusted during the lifetime of the car.

In winter it'll turn the heating on for you; in summer it'll turn the air conditioning on for you.

And every day of every year it'll thermostatically maintain the selected temperature inside the car irrespective of the temperature outside.

This outstandingly up-to-the-minute machine naturally has a electronic Auto-Check system.

Because the other ways of finding out things like whether your washer fluid level is low or your brake pads are worn don't bear thinking about.

Cruise Control is there to give your right leg a break on those long runs up the motorway.

To help you stop fast when you're going fast, a virtually skid-proof second-generation Anti-locking Braking System is

fitted as standard. Instead of you having to pump the brakes to stop the wheels locking up, ABS does it for you. Up to fifteen times a second.

In recognition of the fact that most cars don't have ABS, there's a rigid steel passenger cell and front and rear crumple zones.

A six-year warranty against corrosion from the inside and a three-year warranty against paint defects should convince you of the effectiveness of the 26-stage painting process.

(Even the coachwork of a Rolls Royce doesn't inspire such confidence.)

And, to help keep you off the osteopath's couch, all four windows and the passenger door mirror are electrically-operated from the driver's seat.

If you're so far impressed with what we have to offer, read The Financial Times tomorrow.

Tomorrow, we'll not only reveal who we are, but we'll offer a video tape of our car in action ■

d, are you in danger of being more ame than by the car?



22.1/100KM; URBAN 39.8MPG(17.1/100KM) AT 55MPH, 31.4MPG(9.1/100KM) AT 75MPH.

UK COMPANY NEWS

Hartwells at peak £4.2m and further growth seen

AN IMPROVEMENT of over £1m in pre-tax profits left Hartwells Group, the vehicle distribution and heating services concern, ahead from £3.17m to a record £4.22m for the year to February 2 1984.

This follows an expansion from £1.65m to £2.22m at midyear when the directors said they anticipated peak earnings for the 12 months.

They now state that the current year has started well, with figures for March showing an encouraging improvement over the previous year.

The outlook is good they add, and profits for 1984-85 should certainly be above those now reported.

Trading results for August will, however, be important, and a better assessment of the year as a whole will be possible at the time of the interim statement, they say.

Earnings per 25p share for the period under review advanced from 14.2p to 15.8p and the dividend total is lifted 13.6 per cent from 4.4p to 5p with a final pay-

ment of 3.4p net. A one-for-two scrip issue is also proposed.

External sales (exclusive of Car Tax and VAT) rose by £20.85m to £205.47m, with vehicle distribution contributing £163.57m (£140.37m) and heating services £41.9m (£44.25m).

On these the trading profit increased to £4.74m (£3.87m) and the taxable result was further boosted by a reduction in interest charges from £701,000 to £515,000.

With tax taking £905,000 (£883,000) the net profit amounted to £3.32m (£2.53m) and, after the dividend cost of £394,000 (£378,000), the retained balance totalled £2.42m (£1.75m).

The directors report that new and used passenger unit sales for the year were up by 3.3 per cent to 22,979 reflecting in part the group's franchise mix and part selective trading to maintain, as far as possible, margins.

New commercial vehicle sales remained highly competitive with heavy commercials being particularly hard hit. Sales were up by 17.2 units to 2,672, but margins were slightly reduced as a result of competition.

All other areas of the business performed well with the exception of caravan sales, which are now being discontinued.

Results from agricultural depots at Caistor and Welton, Lincolnshire were satisfactory, with turnover up by 19.5 per cent resulting in an improved profit contribution.

As regards market conditions within Hartwells Heating the directors say these remained difficult with very high rebate allowances being necessary to maintain an acceptable volume of deliveries.

Good profit contributions from boiler maintenance and lubricant sales helped to give profits of £482,000 (£196,000), they state, and the company fully intends to seek by all possible means to secure its continued presence in the oil market.

Despite the difficulties, the directors are optimistic about the future work, and the company continued relationship with BP Oil for whom the company is a distributor.

Valin Pollen set to beat prospectus forecast

A CONFIDENT prediction that last January's prospectus profit forecast for 1983-84 would be beaten is made by the directors of Valin Pollen International, the USM quoted financial and corporate advertising agency.

For the first six months to March 31 1984 the company reports a jump in pre-tax profits from £15,000 to £250,000. The directors say that they are confident that the forecast of profits before tax of not less than £435,000 for the full year would be exceeded. The profit reported for the 1983-84 year was £275,000.

As forecast there is an interim dividend of 0.6p net per 5p share and the company has already indicated a total of 1.6p for the year.

Turnover for the six months has climbed from £3.6m to £7.2m and for the full year the total has been forecast to be not less than £14m.

The directors report that the Budget has proved to be "an excellent stimulus" to companies in the service industries. This coupled with continued growth and increasing competition among clients and potential clients in the financial services sector makes the company "very optimistic about prospects."

The company has made an excellent start to the current year. Since the share placing at the end of January the company has been appointed to handle public relations activities associated with the UK flotation of Reuters — even in the face of stiff competition from leading UK and U.S. consultancies, the directors point out.

They report that the company has also been appointed to develop an international business — to business campaign for Canon Europe, the Dutch-based subsidiary of the Japanese corporation. Shareholders are told that new ground was broken in March when BAT Industries publicised their preliminary figures on television.

Net attributable profits of the company for the first six months amounted to £148,000 (£80,000), after tax of £125,000 (£53,000) and minorities. There is an extraordinary debit of £21,000 arising from the recalculation of deferred tax provisions relating to periods ending on or before September 30 1983 on the assumption that corporation tax changes proposed in the Budget are implemented. Earnings per share are stated at 3.5p (1.4p).

Mr Jonathan Davies has resigned as a shareholder in the company from 400,000 to 300,000 ordinary shares (7.1 per cent).

Jardine Insurance Brokers chairman

Mr Rodney Leach has been appointed chairman of JARDINE INSURANCE BROKERS GROUP. He succeeds Mr Simon Keswick, chairman and chief executive of Jardine Matheson and Co. Mr Leach joined Jardine Matheson in 1983 as a director of Matheson and Co.

Following the formation of QUALITY HOTELS by Quality Inns Inc. and Prince of Wales Hotels, hotel subsidiary of Tadpole Investments, Mr Barry Conrad was appointed chairman; Mr Bill Crossman, vice-chairman and Mr Tony Rothwell managing director. Mr Michael Carlton, Mr Gerald Pettit and Mr James Remppe were appointed directors. As a consequence, Mr Tony Rothwell relinquished his position as managing director of Prince of Wales Hotels and was appointed deputy chairman of that company.

Sir John Wills has been elected president of BRISTOL CONTRIBUTORY WELFARE ASSOCIATION in succession to Mr R. H. Robinson.

BRITISH CALEDONIAN has appointed Mr Dan Brewin as general manager sales, UK. Currently director of operations for Manchester International Airport he will join the company on August 1.

Mr R. R. Bunday, formerly group company secretary has been appointed group administrative director of RELANCE INDUSTRIAL HOLDINGS, succeeding Mr Frank Kirk who died recently.

AMBROSE INVESTMENT TRUST has appointed Mr Gerald William Ashfield to the board.

Dr Clive Thomas has been appointed to head WINTECH, an organisation created to stimulate technological development in Wales. He joins from Bradford University where he was chairman of the undergraduate school of applied physics. WINTECH has been set up by the Welsh Development Agency.

CEC INSTRUMENTATION, Basingstoke, formerly the electronics and instruments division of Bell and Howell, has appointed Mr James L. Breslin as director of manufacturing. He was with Bell and Howell SA Mfg. Ireland, where he was general manager.

Mr Malcolm R. Aldridge has been appointed chief executive of J. THOMAS EDWARDS AND SONS and its subsidiaries. He was financial director. Mr Robert Edwards, previously managing director, becomes marketing director. Mr Derek R. Russell is



SUN ALLIANCE AND LONDON INSURANCE plc ANNUAL GENERAL MEETING

The Annual General Meeting of Sun Alliance and London Insurance plc was held yesterday at the Head Office of the Company to Bartholomew Lane, London, E.C.2.

Lord Aldington, the Chairman, presided and in addressing the Meeting stated —

"We do not publish quarterly figures but I shall follow my usual practice of giving an indication of how we have fared since reporting our Annual Results. I must again stress that the experience of one quarter alone does not provide a reliable guide to the full year's results.

As in 1983, there has been a poor start to the year. At home, our results have been hit badly by the severe weather losses which, after the recovery of reinsurance, are estimated to amount to £27.5 million—compared with £11 million in 1983. Results from the U.S.A. where there was also exceptional weather and from some other overseas territories show a deterioration and there was an increased total underwriting loss in our overseas operations. On the other hand, there are some signs of improvement in our inwards reinsurance business.

Despite further satisfactory growth, our investment income and life profits were not sufficient to cover the underwriting losses.

I set out the strengths of our business in my Annual Statement. This was an exceptional quarter."

At the Extraordinary General Meeting which followed, proposals to introduce a Savings Related Share Option Scheme, to divide the shares of £1 each into shares of 25p each and to increase the Company's borrowing powers, were approved.

Dealings in the shares of 25p each will begin on Monday, 4th June 1984.

A Vote of Thanks to the Directors and Staff was proposed by Sir Philip Shelbourne.

Bridon on course for progress

Mr Jack Laird, chairman of Bridon, told yesterday's AGM that results for the current year should be better than those for 1983 when pre-tax profits recovered sharply from £5.1m to £11.1m.

He reported to holders that an upward trend in general world demand for the company's products, wire, rope, fibres and plastic, become evident in the first quarter of 1984, and overall the group had achieved a satisfactory result according to plans and expectations.

The underlying trend of improvement was still apparent, he said, although in the UK the miners' strike had adversely affected the company's rope business with the National Coal Board.

Improved results were expected from the U.S. and Canada, he added, while the Mexican related company continued to perform well.

Elsewhere overseas, some signs of a more favourable trading background, should ensure a generally better result for the 12 months.

He also reported the company had won a £3m contract to supply in 1985 cables for the Annals Bridge in Canada, which would be the longest cable stayed bridge in the world.

Revamped Caparo Props. £0.5m swing to profits

A STRONG SECOND half has enabled Caparo Properties, the investment and dealing company in which Caparo Industries has a 50.9 per cent interest, to report a £540,000 turnaround to profits for the year ended 1983.

Profits before tax were £187,000, against a £283,000 loss for the nine months to December 1983. The directors state that the improved result reflects changes in the activities of the company. In the course of the year the company, formerly E. Austin and Sons, disposed of its oil distribution, forklift trucks, textiles and pest control sectors.

For the second consecutive year there is no dividend. This had been foreseen in the documents relating to the demerger from Caparo Industries last September, but the directors hope to recommence payments for the current year as profits are built up, including a full year's rental income. At present the figure for rentals, £175,000 (nil) refers only to a six month period.

The result was struck on a turnover reduced by 41 per cent, from £4.5m to £2.6m, again reflecting the sale of non-property interests.

An analysis of continuing trading activities, in respect of the discontinued activities and demerger expenses, Earnings per share were 1.72p (loss 1.24p), and £175,000 (nil); storage and distribution £398,000 (£299,000) and £44,000 (£50,000); head office costs were £109,000, against £138,000.

Corresponding figures for the discontinued divisions, including their date of disposal, show: oil distribution (July 1) £1.09m (£1.26m) and £20,000 (loss £10,000); forklift trucks (April 1) £533,000 (£1.63m) and £38,000 (loss £44,000); textiles in Scotland (August 1) £335,000 (£1.2m) and £11,000 (loss £111,000); pest control (April 1) £5,000 (£23,000) and loss £7,000 (loss £16,000).

Investment activities contributed £164,000 (nil), of which £185,000 (nil) was the surplus arising on partial completion of the disposal of an investment in Dares Estates and £20,000 (nil) from investment income. The remaining profit on the Dares disposal of around £150,000 will be taken in the 1984 accounts. Total operating profit was £366,000 (loss £266,000).

Interest charges were up from £117,000 to £205,000, and tax took £10,000 against a £23,000 credit. An extraordinary debit £106,000 (£336,000) consisted primarily of the costs of closure of the discontinued activities and demerger expenses. Earnings per share were 1.72p (loss 1.24p).

AT&T and Philips Telecommunications

A NEW VISION ON TELEPHONY

Digital telephony lays the groundwork for the development of your country's telecommunications system well into the next century.

So the crucial decision is not whether to go digital, but who to go digital with.

Who offers systems with built-in leading edge technology to guarantee growth whichever way your needs develop? Which supplier is committed and has the operating experience to work hand in hand with you to provide a total networking capability?

Everything points to AT&T and Philips Telecommunications.

The credentials are impeccable; a coupling of AT&T (American Telephone & Telegraph), the world's largest telecommunications manufacturer and operator, and Philips, Europe's largest, most consistently successful electronics manufacturer and supplier.

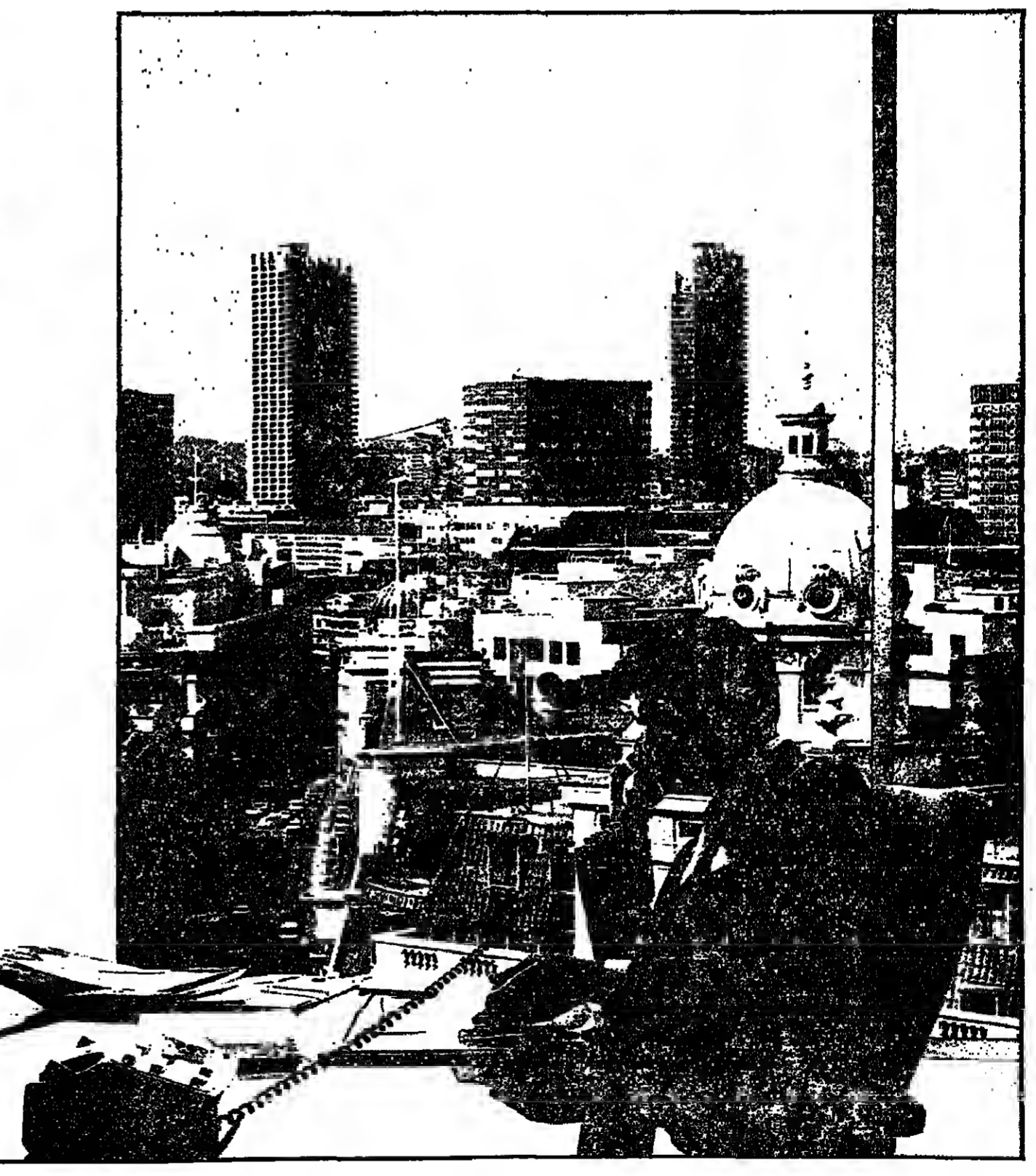
Together the two companies employ some 40,000 scientists and engineers purely on research and development.

This major commitment enables AT&T and Philips Telecommunications to offer a capability no other manufacturer can match — a wide range of advanced systems to modernize national telecommunication networks. The 5ESS-PRX series of fully electronic digital switches, outstandingly reliable transmission systems and computer-based network management systems to optimize network performance. And, complete network know-how.

The future of your national telecommunication networks, and so the future of your telecommunications industry, lies in working in close partnership with AT&T and Philips Telecommunications.

To share the massive costs involved and to make the switch to digital a painless and nationally beneficial process.

AT&T and Philips Telecommunications is to be your totally committed partner. Can you really picture doing it any other way?



AT&T and Philips Telecommunications, P.O. Box 1168, 1200 BD Hilversum, the Netherlands. Telephone +31 35 899222. Telex 43712.

UK COMPANY NEWS

Commercial Union loses £8.4m in first quarter

BY ERIC SHORT

THE ADVERSE weather in the UK at the beginning of the year, together with continuing poor results in the U.S., were major factors in Commercial Union Assurance Company recording a pre-tax loss of £8.4m in the first quarter of this year, against a comparable profit of £14m.

Total worldwide underwriting losses climbed by 27 per cent from £66.4m to £94.1m, boosted by £12m of weather claims and £7m of large fire claims in the UK.

This time the CU could not rely on rising investment income to offset these higher losses. The U.S. reinsurance deal at the end of last year impinged on the group's cash resources, while there were negative cash flows in the period from both the U.S. and the UK business.

This resulted in investment income in the first quarter dropping £4.9m to £59.8m, the adjusted fall after allowing for exchange rates being £3.7m— with £1.5m of this fall arising from the reinsurance transaction. The adjusted fall after allowing for exchange rates being £3.7m— with £1.5m of this fall arising from the reinsurance transaction.

A tax charge of £900,000 brought the operating loss to £9.3m against a profit of £7.7m last year. The CU softened this blow by bringing in £7.1m of realised investment gains—less than half that brought in last year. So the loss attributable to shareholders for the first quarter was £2.2m, compared with a profit of £22.5m last year.

The loss per share was 2.25p before the investment gain, or a loss of 0.53p after, compared with earnings of 1.87p last year before gains or 6.46p after.

Total non-life premium income fell slightly in the period from £551.8m to £544.4m, while life premium income fell from £149.1m to £146.3m.

Shareholders' funds at the end of March were £1,045m compared with £1,048m at the end of 1983 and £1,904m the previous year. The solvency margin at the end of March was 55 per cent.

Mr Cecil Harris, CU's chief executive, said that the results, while bad, were no worse than expected by the market and

HIGHLIGHTS

Lex looks at the insurance sector in the light of the first quarter figures from Commercial Union and the strength of the sector's share prices yesterday. It then examines the first quarter results from Phillips Lamp, which show that the recovery of 1983 is carrying on into this year. Lex also considers the Government's statement on the mooted Thorn EMI—British Aerospace merger. Next it analyses the present position in the gilt-edged market where the price of the short "lap" was cut yesterday before moving on to contemplate the amazing proposal from Lomha to obtain a majority on the House of Fraser board.

admitted that growth was practically at a standstill throughout the group.

Indeed in the U.S. the measures taken by the CU to rationalise its operations resulted in a 5 per cent drop in premium income over the period to £381m (£278m) and Mr Harris expected that this decline would continue in 1984 as the measures taken earlier started to bite.

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Late Easter holds back NSS to £3m at halfway

AS THE important Easter period is missing this year from the half time results of NSS Newsagents, the directors point out that the figures are not directly comparable—the profit before tax for the 26 weeks to April 1, 1984 shows a downturn from £3.4m to £3.01m.

The directors say that prospects for the second half look "more encouraging" with an accelerating rate of retail refurbishment and expansion. The group owns over 500 retail branches selling confectionery, tobacco, audio and visual products, and during the half year a further 10 were purchased or opened.

Sales in the period were little changed at £77.25m, against £76.54m. After tax £1.36m (£1.55m) the net profit comes out at £1.65m (£1.85m) for basic earnings of 4.6p (5.3p) and fully diluted of 4.5p (5.9p). The interim dividend is 1.2p net compared with 1.1p last year's total was 3p paid from pre-tax profits of £5.7m including surplus on sales of assets.

Even after taking account of the displaced Easter period, which usually brings in confectionery sales of around £15m, NSS's first-half results are unexciting.

Having missed the heat at Christmas by not getting into home computers quickly enough, the company had trading problems across the group. Newspaper distribution, the backbone of the business accounting for at least a third of group sales, suffered from outside disputes.

Shareholders are getting an increased dividend. The final goes up from 3.25p to 4p net making a total 1p higher at 6p. In line with the group's policy of upgrading the share price, the directors are continuing to sell parts of its Hackney Estates.

Such sales this year, plus the group's 25 per cent share in a provision against development land in Biester owned through Norborough Investments has resulted in an extraordinary loss of £12,884 reducing the net profit to £382,592.

Mr James Mathieson, chairman, stresses that the secondary properties sold at a loss have been replaced by new estates in Chatham, Colnbrook, Croydon and Westerham. Also a refurbishment of an office property in Cheltenham has recently been completed. Two further office refurbishments—in Brighton and London's West End—should also be largely completed before the imposition of VAT on such work in June.

The group's 50 per cent owned subsidiary Beconree Estates, also continues to be active, with the development of a major shopping centre at Rhyll due for completion in advance of the main holiday season.

Beconree Estates has also been selected by British Rail to prepare plans for the development of the area around Oxford station and is in addition working on several major projects aimed at the high technology industries.

that the miner's strike will affect the company and also some of the company's foundry costs are rising sharply, particularly those of ferrous scrap and coke.

Turnover amounted to £9.97m (£9.53m). Tax requires £178,000 (£106,000) and there is a deferred provision of £570,000. There was a cash inflow of £379,000 during the year leaving borrowings at the year end at £205,000.

The net asset value per share of London Professional Investment Trust at April 30 1984 amounted to 243.5p after deducting prior charges at par. This compares with 256.1p a year earlier.

Net income for the 12 months was £347,000 (£328,000), equivalent to 5.78p (5.47p) per 25p share, and the total dividend is stepped up from 5.5p to 6.5p with a final payment of 3.85p net.

Investment income rose from £596,000 to £572,000 and there was other income of £74,000 (£25,000). Administration expenses took £51,000 (£30,000), bank interest £107,000 (£81,000), debenture stock interest £14,000 (same) and tax £216,000 (£183,000).

Yearling bonds totalling £18.4m at 10 per cent, redeemable in 10 years, have been issued this week by the following local authorities:

Alnwick District Council £0.25m; Blackburn Borough Council £0.5m; Dover BC £0.4m; Roxburgh DC £0.5m; Welwyn Hatfield DC £0.5m; Wrekin DC £0.5m; Amber Valley DC £0.25m; Cumbernauld Kilryth DC £0.25m; Mendip DC £0.5m; Reston BC £0.5m; St. Edmundsbury BC £0.5m; Taunton Deane BC £0.5m; Wellingborough DC £0.25m; Chesterfield (Borough of) £1m; Edoborough City of DC £1.5m; Falkirk DC £0.5m; Lambeth (London Borough of) £0.5m; Allerdale DC £0.25m; Brent (London Borough of) £0.5m; Redbridge (London Borough of) £0.5m; Kensington and Chelsea (Royal Borough of) £0.75m; Medina BC £0.5m; Swale BC £0.75m; Aberdeen (City of) DC £1m; Cardiff (City of) £2m; City of Valleys £0.5m; Walsley £0.25m; Portsmouth (City of) £2.5m; South Bedfordshire DC £0.25m.

Holden Hydroman, a special-interest business established in 1969, is being brought to the USM next Wednesday by Pamure Gordon through a placing of shares.

The company specialises in the fabrication and forming of aluminium frames for the telecommunications industry and develops advanced plastics for use in the motor industry.

Pre-tax profits of Usher-Walker, printing ink and roller manufacturer, ended 1983 marginally ahead by £21,000 at £694,000, after being £23,000 higher at £387,000 for the first half.

Turnover for the 12 months advanced from £8.5m to £9.24m and following costs of sales £6.20m (£5.73m), gross profits amounted to £2.97m (£2.77m).

Distribution and selling costs took £1.35m (£1.2m), while administration expenses absorbed £934,000 (£871,000). This left the operating balance at £858,000 (£894,000), and the pre-tax result included interest paid dividends received of £10,000 (£18,000 charge).

With tax at £323,000 (£342,000), net profits were £535,000 (£552,000) and earnings per 10p share 17.35p (15.5p). As forecast, the net total dividend in this is raised from 12p to 5.50 with a final payment of 3.85p.

Yelverton Investments reports that 1,435,411 (89.6 per cent)

LADBROKE INDEX Based on FT Index 878-882 (+3) Tel: 01-493 5361

£1.8m growth at Henderson Group

SECOND HALF profits showing an increase of over £1m are reported by the Henderson Group of sliding door gear, garage and industrial door and security systems manufacturer. This brings the pre-tax total up to £3.71m for the full year ended March 31 1984, compared with £3.92m previously.

Features of the year have been the strong cash generation and the performance of the increasingly important security division which has contributed over £1m to profits. By the year-end cash borrowings were virtually eliminated, even before receiving the £1m proceeds from the sale of the Farlington factory.

The final dividend is 3.4p to make a net total of 5p for the year, against the equivalent of 4p adjusting for the two-for-one scrip issue. On trading in the current year, the directors report that the garage sliding door division started a little slowly, but has since picked up well. The industrial group, Normand and security sections are currently securing strong order intake.

Group sales advanced from £50m to £58.61m and trading profit from £4.5m to £5.86m, and included this time a contribution from Continental Instruments of £1.2m, a purchase which was acquired in February 1983. Both the garage and industrial

door divisions performed strongly, and finished well ahead of last year. Normand division completed the second phase of its reorganisation and, although one-off costs were incurred, profits improved.

All the overseas companies showed profit improvement. Exceptions were Norway, where market conditions were adverse, and South Africa, where the pace slowed from the exceptional level experienced in the previous year.

Interest payable accounted for £394,000 (£494,000) and profit sharing £153,000 (£130,000), while rents received totalled £184,000 (£108,000) and interest received £596,000 (£148,000). There are no redundancy costs this time (£213,000).

Tax takes £2,07m (£1.52m) and extraordinary debits £348,000 (£116,000), leaving a balance of £3.82m (£2.26m). Earnings are given as 16.7p (11.1p) per share. Profit before tax expressed as a percentage of sales improved from 7.5 to 8.7 per cent and a percentage of shareholders' funds it jumped from 21.9 per cent to 33.8 per cent.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Chamberlin & Hill 2
City of Oxford 4.1
Clarke Nickolls 4
Dupert 0.7
Electra 1.85
Gen. Stockholders 0.95
Hartwells 3.4
Henderson Group 3.4
Lon. Prudential Inv. 3.55
NSS Newsagents 1.2
Stockholders Inv. 0.95
Usher Walker 3.85
Valin Pollent 0.6
Witan Inv. 1.35

Current payment 1.8
Date of payment June 28
Corre. of payment 3.25
Total for year 5.1
Total last year 2.9

Dividends ANNOUNCED

Comment
Henderson has achieved a fourth year of uninterrupted profits growth on the strength of two strategies. The first has been to develop its traditional garage and industrial doors business by re-vamping products, introducing do-it-yourself doors for example and plastic-coated models. The second plan has been to diversify into related areas, buying the Normand electric motor business and the U.S. based security company CIC. Both of these have yet to show their full potential—there was extensive reorganisation at Normand last year, and CIC is in the middle of a period of very rapid expansion of its markets. The overseas companies, together accounting for about one third of turnover, are encouraged to trade independently and generally showed profit growth last year. The future development of the group will probably see further moves away from traditional products into high-growth areas such as security products which fit easily into the Henderson existing portfolio. Following the sale of the Normand factory at Farlington for £1m, there is plenty of cash available for small-scale acquisition and larger purchases for paper should not be ruled out. For the current year £8.6m pre-tax is well within reach, putting the shares up 13p at 235p, on a prospective p/e of 12, on a 35 per cent tax charge.

Clarke Nickolls rises to £0.9m

AN INCREASE in pre-tax profit from £719,985 to £898,717 is announced by Clarke and Nickolls and Coombs, the London-based property investment and development group, for 1983. This allows a rise from £133,090 to £237,443 at the halfway stage.

Shareholders are getting an increased dividend. The final goes up from 3.25p to 4p net making a total 1p higher at 6p. In line with the group's policy of upgrading the share price, the directors are continuing to sell parts of its Hackney Estates.

Such sales this year, plus the group's 25 per cent share in a provision against development land in Biester owned through Norborough Investments has resulted in an extraordinary loss of £12,884 reducing the net profit to £382,592.

Mr James Mathieson, chairman, stresses that the secondary properties sold at a loss have been replaced by new estates in Chatham, Colnbrook, Croydon and Westerham. Also a refurbishment of an office property in Cheltenham has recently been completed. Two further office refurbishments—in Brighton and London's West End—should also be largely completed before the imposition of VAT on such work in June.

The group's 50 per cent owned subsidiary Beconree Estates, also continues to be active, with the development of a major shopping centre at Rhyll due for completion in advance of the main holiday season.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. of payment	Total for year	Total last year
Chamberlin & Hill	2	—	1.8	3.1	2.9
City of Oxford	4.1	June 28	4.1	8.1	5.85
Clarke Nickolls	4	—	3.25	7.25	5
Dupert	0.7	July 2	Nil	1	Nil
Electra	1.85	—	1.76	3.47	3.3
Gen. Stockholders	0.95	July 16	0.88*	—	2.1*
Hartwells	3.4	July 31	3	5	4.4
Henderson Group	3.4	July 30	2.67*	5	4*
Lon. Prudential Inv.	3.55	July 30	3.25	5.8	5.5
NSS Newsagents	1.2	July 9	1.1	—	3
Stockholders Inv.	0.95	July 9	0.88*	—	1.93*
Usher Walker	3.85	July 3	3.5	5.5	5
Valin Pollent	0.6	July 12	—	—	—
Witan Inv.	1.35	July 19	1.2	2.55	2.25

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L & G Group undaunted by LAPR removal

Professor Alan Ball, chairman of Legal and General Group, Britain's second largest life assurance group, told shareholders at yesterday's annual meeting that the demand for conventional endowment contracts would continue to be strong despite the Chancellor's removal of Life Assurance Premium Relief (LAPR).

He claimed that although it was only two months since the Budget which had removed LAPR, business in the endowment market continued to be good. New business levels were only 10 per cent below the record levels of last year.

Professor Ball refuted market speculation that Legal and General would be substantially affected compared to its competitors by the removal of LAPR. He had every confidence that the group's long-term business would continue to grow with sound increases in both premium income and profits.

14 companies wound up
Compulsory winding up orders were made in the High Court yesterday, against the following 14 companies:

Castle Hughes, Hughes Truck & Bus, Hughes International, Superior Equipment Leasing, Willowbrook International and Willowbrook Screen.

Willowbrook Equipment Leasing, Willowbrook Management Services, Willowbrook Worldwide and Syscam Vehicle Development.

Copyspeed Business Equipment, Marksons Motors, Yorkshire Antique Centres and Nettleville Investments.

On Monday 175 Companies were wound up.

Poor first quarter at Sun Alliance

The Sun Alliance Group, Britain's largest home buildings insurer, paid out an estimated £27.5m on claims arising from the severe winter weather in the first quarter of this year, compared with £11m of adverse weather claims for the first quarter of last year.

These claims costs were given to shareholders yesterday by Sun Alliance's chairman Lord Aldington at the Annual General Meeting.

He also told shareholders that results from the U.S., and some

other overseas territories, were also poor in the first three months of this year.

The U.S. had also suffered from exceptional weather. However, he stated that there were signs of improvement in the group's inward reinsurance business.

Nevertheless, despite further satisfactory growth in investment income and life profits, the first quarter would show a pre-tax loss, since this growth was not sufficient to cover the rise in underwriting losses.

Petrogen

The offer for sale of 4m shares in Petrogen, a company with oil and gas prospects in the U.S. and Europe, was oversubscribed 4 1/2 times with a total of 4,120 applications.

Applications for 1,000 shares or more will receive an allocation of roughly 22 per cent of the shares applied for in multiples of 50 shares. Applications for up to and including 900 shares will be subject to a weighted ballot for 200 shares. Dealings in the shares are expected to begin on the USM on May 22 1984.

DRAMATIC

BTR regularly attracts attention with its impressive growth record. This year's results once again confirm expectations.

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And from the inspiration of new technologies and the excitement of change. A powerful performance.

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plc
Duport

"We have started the current financial year with most of our businesses in good shape and competitive in their respective market sectors. Our overall progress however is still being frustrated by the effects of the current situation in the automotive sector of the foundry industry with serious over-capacity and extensive evidence of irresponsible pricing policies; we have in hand measures to overcome these difficulties.

We are now able to face the future with confidence as we look more to opportunities than problems. Great strides have been made in the last few years in reshaping the Group against the changing industrial and economic environment in the United Kingdom. We confidently expect, given reasonable trading conditions, our progress to continue, providing an improving level of dividends to our shareholders."

J. H. Russell, Chairman

Summary of Results		
Year ended 31st January	1984	1983
Turnover	£'000s 58,127	£'000s 67,503
Profit/loss (-) before taxation	2,128	-1,115
Dividends		
Preference	231	231
Ordinary (0.30p)	128	—
Final Proposed (0.70p)	298	—

"Swish" curtain systems and building products; "V4 Spring" beds; "Grovetree" kitchens; computer services and a wide range of ferrous castings, forgings and plastic products.

Copies of the Report and Accounts will be available from: The Secretary, Duport plc, Sedgley Road East, Tipton, West Midlands D14 7UU.

UK COMPANY NEWS

Duport over £2m as recovery holds

EVEN WITHOUT the benefit of any improvement in demand from its principal markets, Duport has continued its progress. In the second half there was a profit of £1.05m giving a total of £2.15m for the year ended January 31 1984, against the previous loss of £1.12m.

Shareholders receive a final dividend of 0.7p. This makes a net total of 1p for the year following a blank three-year period.

Difficult trading conditions persisted in some operations where losses were incurred during the year. Further measures to reduce capacity have been implemented in relation to certain facilities.

Mr F. H. Russell, chairman, says the benefit of cash receipts from the disposals of companies reported last year has further strengthened the group's financial position. Borrowings represent 17 per cent of shareholders' funds compared with 21 per cent at the end of the previous year.

"Consequently, we do not consider it necessary to make further disposals to provide finance and we are now able to contemplate consolidating and adding to those activities which have potential for future growth," he states.

He feels the group is able to face the future with confidence as "we look more to opportunities than problems." Great strides have been made in the last few years in reshaping the group against the changing industrial and economic environment in the UK.

"We confidently expect, given reasonable trading conditions, our progress to continue, providing an improving level of dividends to our shareholders."

Mr Russell says the current year has started with most businesses in good shape and competing in the market sectors. Overall progress, however, is still being frustrated by the effects of the current situation in the automotive sector of the industry, particularly "with serious over-capacity and extensive evidence of irresponsible pricing policies." Measures are in hand to overcome those difficulties.

In 1983-84 group turnover came to £88.13m (£87.5m) and trading profit to £2.28m (loss £880,000) and was analysed as to— in 2000e—metal forming £19,977 (£18,734) and loss £194 (loss £1,466); furniture £13,468 (£14,242) and £141 (£444); plastics £21,335 (£18,543) and £2,022 (£1,513); computers and property £3,916 (£2,871) and £306 (£500); inter-divisional sales £388 (£715).

Extraordinary items comprise reorganisation expenditure of £348,000 (£1.5m), surplus on disposal of land and buildings £84,000 (£3.4m) and disposal of steel interests £3,27m, and other credits £35,000 (£129,000).

In his review of operations, Mr Russell says in metal forming the surplus capacity in the automotive sector caused selling prices generally to remain depressed and there was increased competition and again achieved record sales and profits.

A fall in demand for some of Grovewood's self-assembly products was responsible for below-average productivity in losses. Reductions have been

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY
Interim: Albion, Guinness Post, Higgins Brewery, RHP, Reed Steehouse, Western Selection
Final: Asst. Special Situations Trust, Bank of Ireland, Foodex Agricultural Industries, C. E. Hoare & Land Securities, London Atlantic Investment Trust, London Trust, PCT, Redman Heenan International, Rolfe and Nolan

Computer Services, Sangers Photographics, Selincourt, Sisters Food Products.

FUTURE DATES	
Interim—	
Carr (John)	May 22
Diploma	May 22
Dundas and London Inv. Tr.	June 21
National Commercial Banking Corp. of Australia	May 24
Stables	May 22
Final—	
Atlantic Resources	May 18
Carroll Property	June 1
Emery	May 23
Ivory and Sime	May 21
Sainsbury (J.)	May 22
T Amended	

enormous cost in the past few years with capacity reduced by something like 50 per cent.

"In view of this situation we, along with others are participating in discussions to explore ways of further reducing capacity through the Foundry Rationalisation Scheme initiated by the Department of Trade and Industry. We do expect Government to play its part in preserving something of this vital but neglected sector of the manufacturing spectrum.

Particularly in view of their continuing generosity to key industries in the public sector."

Some improvement in demand for castings was experienced, particularly for commercial vehicle brake-drums following the introduction of a third axle for trailers up to 38 tonnes.

Although the foundries traded profitably during the summer, a reduction in orders towards the end of the year adversely affected results.

Asiatics was severely affected during the first half by low demand from the engineering industry and losses were incurred. However, profitable trading was restored and these losses were recouped.

On the furniture side, Vi-Spring further enhanced its position in the pocketed-spring bedding market and again achieved record sales and profits.

A fall in demand for some of Grovewood's self-assembly products was responsible for below-average productivity in losses. Reductions have been

made in manning levels and overhead costs and a new range of products is being introduced to widen the company's appeal. This reorganisation is being carried out at some cost and disruption, but the longer term benefits will be significant.

Duport International secured new Slumberland and Multistatic licences during this first year of its operation and improved the technical and marketing support to existing licencees. As a consequence Crownflex enjoyed increased sales of spring-making and mattress assembly equipment.

In plastics, Swiss sales and profits were again at record levels. Curtain tracks performed particularly well in the home market and sales of both chadings and PVC windows continued to increase. The installation of new extrusion plant increased productive capacity and improved quality standards.

Bridgtown Industries continued to experience pressure on selling prices but began to benefit from new business. Its sales are expected to improve further as new vehicles, on which its products are featured, commence production although demand from the motor industry remains patchy.

Comment
The good news about these figures is that Duport seems finally to have stabilised in its now shrunken form. It is a touch worrying that the very small increase in second half trading profits consists primarily of loss reduction in metal forming, offset almost wholly by a lower contribution from the profitable areas. Partly, this results from seasonal swings in profits from Swiss, which looks set to continue as the group's star performer. But Bridgtown is only now breaking even, despite the pick-up in the car industry, and Grovewood, still struggling to compete with MFL, will not be profitable before late this year at best. For the group as a whole, though, the worst does seem to be over, and the current year should see further progress. At 36p—down 2p—the shares yield a historic 4.1 per cent.

Majedie raises net asset value to 134p
Majedie Investments pushed up its net asset value per 10p ordinary by 13.82p to 124p in the six months to end-March 1984, and by 19p over the 115p value shown a year ago.

Reflecting a £10,000 fall to £35,000 in the surplus on investment disposals, pre-tax profits for the period declined to £732,000 against £1.31m.

Investment income amounted to £241,000 compared with £421,000, and the taxable result was struck after administration costs of £86,000 (£73,000).

Majedie is engaged in investment of funds mainly in listed securities.

Earnings per share are shown as 3.26p (5.93p). They were made up of 1.56p (1.85p) of net investment income of £240,878 (£222,378) and 1.71p (4.08p) of some £265,549 (£686,422) of investment disposal profits.

Net profits amounted to £200,000 (£220,000) after tax of £228,000 (£394,000).

No allowance has been made for any contingent liability for corporation tax on unrealised capital gains.

In the last full year, earnings per share came out at 4.61p (4.18p) and the dividend was lifted by 10 per cent to 3.3p net.

Cape Industries still worried by difficult insulation market

A SMALL loss has been incurred by Cape Industries in the first quarter of the current year, compared with a profit for the same period last year, because of the difficult conditions in the insulation market.

Yesterday's annual meeting was told by chairman Mr Geoffrey Higham that prices for insulation materials had remained at unsatisfactory levels.

Every effort was being made to reduce costs, and he believed that some improvement would be seen in prices as the year went on.

Specialist fire protection materials continued to perform well, but prices from the insulating contracting operations were lower.

The group's accounting data has been changed from December 31 to March 31, and the interim statement this year would cover the nine months ending September 30 1984.

Mr Higham referred to the provision of £1.7m made in the 1983 accounts against the insulation contract in Holland, where a shipyard substantially owned by the state and municipal authorities applied to the court for a moratorium on all amounts owing to creditors on March 19.

He told shareholders that Cape had made every effort to recover the debt through diplomatic and legal channels. But any results from those efforts would apparently have to wait for the report of the inspectors who had been appointed by the court to investigate the affairs of that company. He understood that a meeting of creditors to receive the report would be held early next month. However, the position remained unclear.

Among other meetings held yesterday, Mr Peter Lane, chairman of Planet Group, said a lower profit was expected at the halfway mark, but the year as a whole should show further progress.

The American companies were performing well and their growth should continue for the rest of the year. Performance in Europe, however, had been mixed. Planet Luxembourg had stayed in loss and a major rationalisation programme was on which would produce benefit in the second half. Trading conditions for Percy Lane had remained difficult.

At Spirax-Sarco Engineering chairman Mr A. C. Brown said the encouraging start made to the current year had continued. He remained confident that 1984

would be another year of "real progress" for the group.

In his retiring speech to a meeting of R. Cartwright (Holdings), Mr J. C. Northam said he was leaving "Hoarising Group" for Mr Bob Teare, his successor.

The hardware companies had made a sluggish start to the current year, but the plastic company continued in a buoyant trend, demand for partitioning had improved dramatically, and the potential of the lock company was only just being realised, he said.

Phileon's plans for the current year envisaged a further improvement in terms of orders, sales and profit, said Mr R. J. Howard, chairman. The first quarter had seen order intake close to plan, and sales above the same period last year.

Beyond 1984, the planned market and product development was directed towards further expansion, particularly in the life sciences and data communications.

Development effort in the area of secure military data communications has borne fruit, and the company had obtained an important initial contract from a U.S. government agency.

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"Our best year yet"

Turnover £1,048.5 million - up 13%
Pre-tax profit £71.6 million - up 60%
Earnings per share 39.5p - up 54%

"We have created a sound base from which to move forward. Our purpose remains the creation of wealth for the advancement of our Group to the benefit of the shareholders and employees."

John Camden, Chairman



The Annual General Meeting will be held at the Carlton Tower Hotel, Cadogan Place, London SW1 on Friday, 8th June 1984 at 11.30 a.m. If you would like a copy of the 1983 Annual Report please write to The Secretary, RMC Group p.l.c., RMC House, High Street, Feltham, Middlesex TW13 4HA.

The abridged financial information set out above for the year ended 31st December 1983 is an extract from the latest published accounts which will be delivered to the Registrar of Companies. The report of the Auditors on these accounts is unqualified.

RMC Group p.l.c.

Operating internationally in Austria, Belgium, France, Hong Kong, Israel, Republic of Ireland, Spain, Trinidad, United Kingdom, USA and West Germany.

Commercial Union 3 MONTHS REVIEW to 31 March 1984

An unaudited operating loss before taxation of £8.4m was incurred for the 3 months ended 31 March 1984, reflecting a substantial deterioration in claims experience in the United Kingdom.

Premium income was at a similar level to 1983, reflecting the cancellation of unprofitable business in the United States and intense competition in all major insurance markets.

Investment income net of loan interest showed a small decrease due to adverse trading and cash flow.

Life profits showed a satisfactory increase.

In the United States premium income reduced by 5%, and there was a fall in the operating loss. Personal lines claims experience improved, but commercial lines continued to deteriorate. The statutory operating ratio was 114.8% (1983 114.3%), which included an expense ratio of 31.0% (1983 31.7%).

In the United Kingdom the underwriting result reflected the cost of weather-related claims, amounting to £12m, and particularly severe commercial fire claims.

In the Netherlands the overall result showed an improvement.

In Canada severe competition reduced non-life premium income by 6% and caused a deterioration in motor underwriting experience.

In Rest of the World the result was affected by reduced investment income, following the transfer of London-held funds to support our United States operations.

	3 months 1984	3 months 1983	Year 1983
Premium Income			
Life	146.3	149.1	400.8
Non-life	544.4	551.8	1,884.2
Total	690.7	700.9	2,285.0
Investment income net of loan interest	59.8	64.7	255.4
Underwriting result	(84.1)	(66.4)	(314.2)
Life profits	14.2	13.4	55.8
Associated companies' earnings	1.7	2.3	12.3
Operating Profit/(Loss) before Taxation	(8.4)	14.0	9.3
Taxation and minorities	(9)	(6.3)	(17.4)
Operating Profit/(Loss)	(9.3)	7.7	(8.1)
Realised Investment Gains	7.1	14.8	30.1
Profit/(Loss) Attributable to Shareholders	(2.2)	22.5	22.0
Earnings per Share			
Operating profit/(loss)	(2.25)p	1.87p	(1.99)p
Realised investment gains	1.72p	3.99p	7.31p
	(.53)p	5.46p	5.32p
Shareholders' Funds	£1,045m	£1,204m	£1,046m
Operating Profit/(Loss) before Taxation			
United States	(10.3)	(13.9)	(114.8)
United Kingdom	(10.5)	8.2	41.8
Netherlands	8.8	8.4	33.6
Canada	1.9	4.6	21.9
Rest of the World	(1.7)	6.7	26.6
	(8.4)	14.0	9.3
Rates of Exchange			
United States	\$1.45	\$1.45	\$1.45
Netherlands	Fls4.25	Fls3.98	Fls4.45
Canada	\$1.84	\$1.79	\$1.80



Commercial Union Assurance Company plc

Mr Kenneth Durham, Chairman of Unilever PLC, presided at the Annual General Meeting of the Company, which was held on Wednesday 16th May 1984 in London.

The Report and Accounts were adopted, the Auditors re-elected and a final dividend for 1983 declared of 20.29p, per 25p Ordinary Share, making a total dividend for 1983 of 30.86p, per 25p Ordinary Share. All the Directors were re-elected, except Mr H. F. van den Hoven, a Vice-Chairman of the Company and Chairman of Unilever N.V., who is retiring after 46 years' service to Unilever. Mr Durham paid tribute to Mr van den Hoven's great contribution to Unilever and also expressed appreciation of

the services of Sir Eric Faulkner and Mr Pierre-Paul Schweitzer, retiring Advisory Directors. Mr Morris Tabakshlat was elected a Director of the Company.

The Annual General Meeting of Unilever N.V. took place in Rotterdam on the same day, with Mr H. F. van den Hoven in the chair.

The Company has published a report made to the British Government under the EEC Code of Conduct for companies with interests in South Africa.

Anyone who would like to receive a copy of the 1983 Report and Accounts, or of "Unilever in 1983" or of the report concerning South Africa, should complete this coupon.

Unilever

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1983 Report and Accounts

"Unilever in 1983"

Report under the EEC Code relating to South Africa

To: External Affairs Department, Unilever PLC, P.O. Box 68, Unilever House, London EC4P 4BQ.

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MINING NEWS

Falconbridge is to resume at Ansil

BY KENNETH MARSTON, MINING EDITOR

DESPITE a good demand for copper, prices remain depressed by the weight of surplus production capacity throughout the world which was created in the 1970s and 1980s to meet a strong growth in demand which has not yet materialised.

There is thus little incentive for opening up new mines, although some are being developed for various reasons. One such is Corporation Falconbridge Copper's small, but high-grade Ansil deposit at Lake Dulit in the Noranda district of north-west Quebec.

Because of low copper prices Falconbridge Copper suspended work on the underground deposit in the spring of 1983 despite having outlined reserves of over 2m tonnes with a rich average grade of 7 per cent copper plus modest values of by-product silver and gold.

The company has now decided to resume work thanks to the offer of a grant to a maximum of C\$5m (£18.5m) from the Quebec Government. This will go towards the cost of sinking a 3,300 foot shaft, carrying out underground exploration and initial underground development. Work is expected to be completed in 1987.

The agreement with the Quebec Minister of Energy and Resources provides that if Ansil is brought to production before end-1991 Falconbridge Copper will repay in 1992 and 1993 the difference between the C\$5m grant and 20 per cent of the total costs incurred in bringing the property to production.

The full amount of the grant will be repayable without interest, if Ansil is not brought to production by end-1991. The likely total cost of bringing Ansil to production is not stated but a figure of C\$60m was mentioned in 1982.

A controlling interest of 50.2 per cent in Corporation Falconbridge Copper is held by Falconbridge.

BIDS AND DEALS

Spice makers agree on a £39m transatlantic mix

BY CHARLES BATCHELOR

AN AGREED cash bid of £38.5m was yesterday launched by McCormick and Co., a leading U.S. manufacturer of spices, flavourings and seasonings, for Paterson's, Britain's largest spice manufacturer.

Directors of Paterson, who effectively control 30 per cent of the company through their holdings of ordinary and preference shares, are backing the bid.

Paterson's shares rose 62p yesterday to a new 1984 high of 267p but were still below the 275p value of the offer. Glasgow-based Paterson accounts for just over half of the UK rare spices market—which excludes salt, pepper and curry powder—with its Schwartz brand. It also makes Camp Coffee and, under licence, produces Ocean Spray cranberry products and Bicks relishes.

In addition, Paterson markets and distributes slimming products such as Scandia Crisp, Slimo Sweets, Heras and cleaning products such as Bio-Tex, Savlon Cream and Calgon water softener.

Unaudited management accounts show that the group made pre-tax profits of not less than £2.8m in the year ended March 31 1984—in the first half it made a profit of £1.0m on turnover of £18.8m.

McCormick aims to achieve a stronger marketing and manufacturing base in Britain to increase its share of the UK and Continental markets for flavourings and seasonings and sauce mixes.

Mr Mike Ch. Cipollara, deputy managing director of McCormick's international division, said: "We are going to launch new products over the next five years through Paterson's. They will give us access to their food brokerage division and a sales force which McCormick does not have in the UK. This will give us greater contact with the trade."

McCormick currently does £7m-worth of business in the UK and makes sauces, baking mixes and salad toppings at a factory in Ellesmere Port, Cheshire. It supplies retailers, fast food outlets such as Kentucky Fried Chicken and industry.

McCormick, based in Hunt Valley, Maryland, made pre-tax profits of \$12m on turnover of \$743m in the year ended November 30 1983. Its present capitalisation on the U.S. over-

the-counter market is around \$400m.

McCormick's grocery products division, mainly making herbs, spices, seasonings and mixes, accounted for about \$400m worth of sales. Its international division, active in Venezuela, Brazil, Mexico, Japan and the Continent accounts for about \$90m of turnover. The Paterson's existing management, headed by Mr Dennis Jenks, the chairman, will assume responsibility for McCormick's UK operations and will be the largest foreign company in McCormick's international division.

Mr Jenks, who is 55, said: "In terms of continuity of management and looking ahead the time to do a deal is when the company is flourishing. Our belief is that this is a very good link-up."

McCormick, which is advised by Morgan Grenfell, is offering a 27p 7 per cent loan note alternative to its cash offer for the ordinary shares. It is offering £11 cash or an equivalent loan note alternative for each 11.5 per cent cumulative convertible £1 preference share.

Expansion by British Vita

British Vita, the international polymers group, which already has manufacturing operations in four European countries outside the UK, announces a major acquisition in France.

It plans to acquire the capitals of Transico and its related company Morand, from the Nobel Bazel Group. The total all cash consideration receivable by Nobel Bazel is FF 28m (£2.5m) in respect of share and loan capital.

Transico supplies a range of specialised polymeric products to the transport, furniture, building and general industries in France.

Based on audited accounts for the year 1983, Transico and Morand had combined sales of FF 317m (£27.1m) and combined pre-tax profits of FF 7.4m (£630,000). The combined net tangible assets of the companies at that date were FF 34m (£2.8m).



SUMMARY OF RESULTS

	1983	1982
Sales	£200	£200
Profit before tax	12,924	10,745
Earnings per share	1.623	0.91
Dividend per share	15.16p	9.44p
	5.75p	4.625p

MAIN POINTS FROM THE STATEMENT BY THE CHAIRMAN, MR. J. C. NORTHAM

- Trading conditions were difficult in 1983 but the fact that sales and profit figures are at record levels is an indication of the tight control on production costs and the positive steps taken to sell our products in competitive markets.
 - In spite of strong competition our hardware companies fared remarkably well, and the long-term developments of new and existing products are well in hand.
 - The demand for our hardware products in 1984 is not quite up to last year's levels, but this can change very quickly. The rest of the Group continues in buoyant form.
 - After a highly successful year's trading and with the proceeds of the Rights Issue the Group is in a strong financial position for 1984.
- Manufacturers of Door Furniture, Window Fittings, Locks, Aluminium and Zinc Alloy Die Castings, Aluminium and Brass Hot Stampings, Steel Partitioning and Trade Injection Mouldings.



Deutsche Bank Aktiengesellschaft

Frankfurt am Main (Incorporated in the Federal Republic of Germany with limited liability)

Notification of Dividend

The Ordinary General Meeting on May 16, 1984, has resolved to distribute the distributable profit of the financial year 1983 being DM 325,472,136 and has approved the payment of a dividend of DM 12 per share of DM 50 per value.

The dividend will be paid less 25% capital yield tax against submittal of Dividend Coupon No. 42 at one of the paying agents listed in the Federal Gazette (Bundesanzeiger) of the Federal Republic of Germany No. 93 dated May 17, 1984. In accordance with the English-German Double Taxation Agreement of November 26, 1964, as amended in the protocol of March 23, 1970, the German capital yield tax is reduced from 25% to 15% for shareholders resident in Great Britain. To claim this, shareholders must submit an application for reimbursement within three years from the due date.

This application is to be addressed to the Bundesamt fuer Finanzen, Friedhofstrasse 1, D-5300 Bonn 3.

Under the German corporation tax system effective as of January 1, 1977, to the dividend a tax credit is linked amounting to 9/16 of the dividend declared. However, shareholders resident outside the Federal Republic of Germany and Berlin (West) are not entitled to this tax credit.

In Great Britain payment will take place through the following banks: Deutsche Bank AG, London Branch, 6, Bishopsgate, London EC2P 2AT, Midland Bank plc, International Division, Securities Department, Suffolk House, Laurence Pountney Hill, London EC4.

The dividend payment in Great Britain is made in Pound Sterling converted from Deutsche Mark at the rate prevailing on the day of submittal of the dividend coupon.

Frankfurt am Main, May 1984

Board of Managing Directors

Waring and Gillow in bid talks

A SPATE of stock market rumours yesterday prompted Waring and Gillow to announce that it had reached an approach which may lead to a bid.

The company made its statement after the shares leapt ahead, ending the day 43p up at 1.68p. It said that there was a party who could be interested in making an offer but did not know if an offer would be made.

Speculation was rife as to who the bidder might be. A Sheffield-based chain, which takes in Maples, might be. Great Universal Stores which holds 31 per cent of the company denied that it was the mystery suitor and said that it had not been approached over its holding.

Mr Harold Bowman, assistant managing director, said: "We have not been approached. We are merely shareholders. It is not us."

Sir Terence Conran, chairman of Habitat Mothercare, also denied that his company was making a bid. The company had looked at Waring & Gillow previously but had decided against bidding, he said. There were details too from Marks & Spencer and Harris Queensway, the subject of some of the rumours in the market.

Waring & Gillow is headed by Mr Massey Cusins, the chairman, whose son John is the managing director. The directors together control almost 25 per cent of the equity.

At yesterday's closing price, Waring & Gillow had a stock market valuation of £23m. In its interim figures for the period to September 30 it announced pre-tax profits of £133,000. Its stated net asset value is 150p per share on a current cost basis.

Waring & Gillow is a furniture and carpet retailer. It has a turnover of £11m and pre-tax profits of £1.3m in the year ended September 30 1983. Its present capitalisation on the U.S. over-

BIDS AND DEALS IN BRIEF

Bunzl, the international pulp and paper manufacturer, has announced three further acquisitions, increasing its commitment to paper distribution in the UK and Australia and establishing a presence in instrument distribution in the U.S. tobacco industry.

It is acquiring 80 per cent of the share capital of Mason's Paper, the leading paper distributor in East Anglia. Mason's Paper, of Perth, Western Australia, is a leading distributor of packaging materials. Filtrona Instruments & Antismatons sells specialised automatic instruments for the U.S. tobacco industry.

Bunzl is paying a total £2.2m for three businesses whose combined turnover is over £10m with pre-tax profits of £540,000. The total value of net assets at acquisition was £1.5m.

The proposed merger between Donald Macpherson and Yule Catto is not to be referred to the monopolies commission.

Acceptances for the Yule Catto offer have been received from 1,339 shareholders (some 52.2 per cent) in respect of 2,04m (11.25 per cent) existing shares, including elections for the cash alternative in respect of 987,449 existing shares (5.45 per cent).

Accordingly, Yule Catto controls 3.14m existing shares (11.8 per cent).

A circular will be sent to shareholders of DMG soon which will contain a profit forecast by Yule Catto and outline the reasons for accepting its share bid.

Offers remain open for acceptance until 3 pm on May 30.

Middleton Foster Anderson, a small London moneybroker, has received a capital injection from a group of new shareholders led by Mr Stuart Webster, who has been appointed its chief executive.

Mr Webster, formerly chief executive of Gulf Bank in Kuwait, said he aims to achieve greater market penetration and to build up closer relations with banks.

He and his associates have taken a 40 per cent stake with the aim to increase the holding to 60 per cent over two years.

Sir Dallas Berard, formerly of Morgan Grenfell, remains chairman of MFA.

The offer by Wilson and Co. to acquire Albert Martin Holdings, at 42p per share in cash, is being extended until 3.30 pm on May 25.

Acceptances have been received in respect of 9,672 shares (0.11 per cent). Wilson already has 5.09 per cent.

United Wire Group has disposed of its U.S. subsidiary through United USA which was involved in the rental of vibratory screening machinery for oil exploration in the U.S. market.

The value of the consideration is \$511,000 (£366,000), payable

over \$300,000 immediately and the balance by six instalments over 14 months. The net result of the transaction will be an extraordinary loss of £380,000. This will be disclosed as an extraordinary item at the year-end.

W. H. O'Gorman Holdings is to acquire Graig Nicol, a Glasgow-based manufacturer of both supermarket and plug in cases.

BASE LENDING RATES

A.R.N. Bank	9 1/2%	Heritable & Gen. Trust	9 1/2%
Allied Irish Bank	9 1/2%	Hill Samuel	9 1/2%
Amro Bank	9 1/2%	C. Hoare & Co.	9 1/2%
Henry Ansbacher	9 1/2%	Hongkong & Shanghai	9 1/2%
Armo Trust Ltd.	9 1/2%	Kingsnorth Trust Ltd.	10 1/2%
Associates Cap. Corp.	9 1/2%	Kowloon & Co. Ltd.	9 1/2%
Banco de Bilbao	9 1/2%	Lloyds Bank	9 1/2%
Bank Hapoalim BM	9 1/2%	Mallinball Limited	9 1/2%
BOCI	9 1/2%	Edward Manson & Co.	10 1/2%
Bank of Ireland	9 1/2%	Mohraj & Sons Ltd.	9 1/2%
Bank of Cyprus	9 1/2%	Midland Bank	9 1/2%
Bank of India	9 1/2%	Morgan Grenfell	9 1/2%
Bank of Scotland	9 1/2%	National Bk. of Kuwait	9 1/2%
Banque Belge Ltd.	9 1/2%	National Girobank	9 1/2%
Barclays Bank Corp.	9 1/2%	National Westminster	9 1/2%
Beneficial Trust Ltd.	10 1/2%	Norwich Gen. Tst.	9 1/2%
Brenner Holdings Ltd.	9 1/2%	People's Tst. & Sv. Ltd.	9 1/2%
Brit. Bank of Mid. East	9 1/2%	R. Raphael & Sons	9 1/2%
Brown Shipley	9 1/2%	P. S. Raftern & Co.	9 1/2%
CL Bank Nederland	9 1/2%	Roxburgh Guarant.	9 1/2%
Canada Farm. Trust	9 1/2%	Royal Trust Co. Canada	9 1/2%
Castle Court Trust Ltd.	9 1/2%	J. Henry Schroder Wagg	9 1/2%
Cayzer Ltd.	9 1/2%	Standard Chartered	9 1/2%
Central Bank Corp.	9 1/2%	Trade Dev. Bank	9 1/2%
Charterhouse Japan	9 1/2%	T.C.E.	9 1/2%
Chouartons	10 1/2%	Trustee Savings Bank	9 1/2%
Citibank NA	9 1/2%	United Bank of Kuwait	9 1/2%
Citibank Savings	9 1/2%	United Mizral Bank	9 1/2%
Credit Suisse Bank	9 1/2%	Vankeas Limited	9 1/2%
C. E. Coates	10 1/2%	Westpac Banking Corp.	9 1/2%
Comm. Bk. of N. East	9 1/2%	Whiteaway Ltd.	9 1/2%
Consolidated Credits	9 1/2%	Williams & Glyn's	9 1/2%
Co-operative Bank	9 1/2%	Wintrest Soc. Ltd.	9 1/2%
The Cyprus Popular Bk.	9 1/2%	Yorkshire Bank	9 1/2%
Dunbar & Co. Ltd.	9 1/2%	Members of the Accepting Houses Committee	9 1/2%
Duncan Lawrie	9 1/2%	7-day deposits 5.75%, 1-month 6.5%, Fixed rates 12 months £2,500 6.5%, £10,000, 12 months 6%, £10,000 up to £20,000 6%, £20,000 and over 7%, Call deposits £1,000 and over 5%, 21-day deposits over £1,000 7%, Demand deposits 6%, Mortgage base rate.	9 1/2%
E. T. Trust	9 1/2%		
Exeter Trust Ltd.	10 1/2%		
First Nat. Bank Corp.	11 1/2%		
First Nat. Secs. Ltd.	10 1/2%		
Robert Fraser	10 1/2%		
Grindlays Bank	9 1/2%		
Guinness Mahon	9 1/2%		
Hambros Bank	9 1/2%		

WINGATE PROPERTY INVESTMENTS plc

SUMMARY OF RESULTS

	Year to 31.12.83	Year to 31.12.82
	£000's	£000's
Gross rental income	1,963	1,626
Profit before taxation	737	424
Profit attributable to members	499	302
Earnings per share	3.79p	3.39p
Dividends per share	1.5p	Nil

Copies of the Accounts may be obtained from the Secretary of the Company at St. Alphage House, 2, Fore Street, London EC2Y 5ER

A FINANCIAL TIMES SURVEY ISLE OF MAN

JULY 6 1984

The Financial Times proposes to publish a Survey on the Isle of Man in its issue of July 6, 1984. The provisional editorial synopsis is set out below:

INTRODUCTION The island authorities have quietly consolidated the measures taken in the banking and finance sector following the appointment of top-level officials. They have had to do this in an economy which, like that of the UK, has been hit by the recession of the past two to three years. Signs are emerging that an upturn may also be taking place in the Manx economy.

Editorial coverage will also include:

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Over-the-Counter Market

1983-84	Company	Price	Change	Gross Yield	P/E	Fully		
High	Low			div. (%)		Actual		
142	120	Ass. Brit. Ind. Ord.	132	—	8.4	4.8	7.7	10.1
158	117	Ass. Brit. Ind. CULS	144	—	10.0	9.8	—	—
38	21	Armitage & Rhodes	33	—	8.1	5.8	17.7	17.7
330	141 1/2	Bardon Hill	328	—	7.2	2.2	13.4	27.2
85	55	Gray Technetics	53	—	5.0	2.5	8.2	8.8
201	187	CCL Ordinary	201	—	6.0	2.5	8.2	8.8
152	120	CCL 15pc Conv Pref	152	—	15.7	10.3	—	—
540	100	Carborundum Abrasives	520	—	8.7	1.1	—	—
248	100	Cindico Group	103	—	17.8	17.0	—	—
222	75	Frank Horrell	221	—	5.0	8.8	38.4	59.1
30	28	Frank Horrell Pr Ord 87	202	+1	8.7	4.3	8.3	13.9
39	33	Georgia Alair	36	—	4.3	14.8	—	—
80	48	Ind Precision Castings	50	—	7.3	14.8	13.8	17.2
2185	2150	Ind New Fully Ptd	2185	—	150.0	9.9	—	—
365	134	Tals Conv Pref	369	—	17.1	4.7	—	—
124	61	Jackson Group	123	—	11.5	3.7	8.4	12.6
253	158	James Burroughs	252	—	6.7	10.2	9.3	6.7
425	275	Minihouse Holding NV	424	—	4.2	1.0	30.5	33.4
176	87	Robert Jenkins	97	—	20.0	20.8	11.2	7.8
74	56	Servotons	58	—	8.7	10.2	9.3	6.7
120	81	Torday & Carlisle	73	—	—	—	7.8	18.2
444	385	Trevian Holdings	440	—	1.0	5.5	11.8	17.1
28	17	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
82	66	Walter Alexander	63	—	6.5	8.2	7.3	9.7
278	226	W. S. Yeates	245	—	17.1	7.0	5.9	11.7

CO-OPERATIVE BANK P.L.C.

US \$25,000,000

Floating Rate Capital Notes 1986

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 18th May, 1984 to 19th November, 1984 the Notes will bear an interest rate of 12 1/2 % per annum with a coupon amount of US\$ 64.24

London & Continental Bankers Limited Agent Bank

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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Thursday May 17 1984

Florida frosts boost
Brazilian orange
industry, Page 44

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WALL STREET

Pressures ease but revival slow

INTEREST RATES continued to ease in Wall Street credit markets yesterday but equities remained sluggish, again finding difficulty in sustaining attempts at a rally, writes Terry Byland in New York. The Dow Jones industrial average closed up 2.30 at 1,153.18. Retail buyers picked up some longer-dated Treasury bonds when prices opened 1/4 point down, while pressures on the short end slackened too, bringing a dip in the federal funds rate to 10 per cent. At this level the Federal Reserve checked the fall by announcing two-day matched sales of Treasury paper. The clouds over interest rates seemed to shift a little, although the day's economic data indicated further strengthening in the U.S. economy last month. Housing starts jumped by nearly 20 per cent - substantially more than anticipated on Wall Street. New car sales rose by 25 per cent in the early part of the present month, while the industry operating rate of 81.9 per cent in April was also at the top end of Wall Street forecasts. However, there was more support in the stock market for the view that the

economy is about to slow down. "These are the last of the good numbers," was one comment on housing starts. The strength of interest rates, which will fall heavily on many home owners when their variable rate mortgages fall due for re-adjustment next year, is expected to cut housebuilding by the end of the summer. The stock market opened in good form, but an early improvement brought

The closing Wall Street report, updated U.S. market monitors and late Canadian prices were unavailable because of continuing industrial action at the Financial Times' printers in Frankfurt.

out the profit-takers once again. Turnover was high, and the buyers returned to the market at mid-session. Heavy trading was seen in IBM, the market bellwether, after it and Merrill Lynch, Wall Street's securities giant, detailed their plans to launch an on-screen financial data network within the next year. IBM slipped an early \$1 to \$112. Active dealings were also to be found in the oil sector, again becoming a focus of attention as tensions rise further in the Gulf, but price changes were generally minimal. Mr Boone Pickens's Mesa Petroleum, though, put on a further \$1 to \$18 1/2 as it moved to buy back the equity of Mesa Royalty Trust from shareholders. Exxon, also undertaking stock repurchases, firmed just \$1 to \$42 1/2 after a \$1/2 rise on Tuesday. On the banking side, Continental Illinois came in for another pummeling after Tuesday's news that it had already

begun to draw on the \$4.5bn safety net established just the previous day by its 16 large counterparts. It shed \$1 to \$11 1/2. The car makers held firm but made no great response to the industry sales figures Chrysler moved \$1/2 ahead at \$23, Ford edged \$1/2 higher to \$34, and General Motors held unchanged on \$63 1/2. Sellers were in evidence in Lockheed, which came down \$1 to \$37 1/2. The previous day, news that it was to pay its first dividend on the shares for more than 14 years had been greeted with an uptick of only \$1/2. Bond prices began to climb in the second half of the session. And the early losses of up to 1/2 point were replaced by gains of similar proportions. The new key bond at the long end, the 13 1/2 per cent of 2014, swung up from 97 1/2 to 98 1/2 showing a net 1/2 gain on the session. There was some good quality buying and no sign of last week's sellers. Rates on bank certificates of deposit continued to dip as the tension around Continental Illinois' paper was eased by the support package. The Federal Reserve's action to drain reserves in the bill markets cut Treasury bill rates back from the levels reached at the auction on the previous day. Three-month bills at 8.73 per cent were 33 basis points down on the auction rate. The six-month, at 10.10 per cent, gave up 22 basis points. The Fed's action was believed to relate to the supply of funds related to the help given to Continental Illinois.

LONDON Support turns selective INVESTORS became more selective in their approach towards London markets yesterday. Government securities moved nearer centre stage after many sessions on the sidelines, leading shares began promisingly but the advance faltered as takeover speculation increased. Several strong sectors also emerged, with oils assuming pride of place as world crude prices continued to rise on fears that supplies to the West could be disrupted. The FT Industrial Ordinary index was unable to make any significant progress. Strength in BP, however - up 20p to 51 1/2 - countered adverse movements in Thorn EMI, down 20p more at 56 3/4, and Hawker Siddeley, 1 1/2 lower at 42 1/2. The index closed 1.4 better at 879.4. The Government Broker duly activated the short tap stock, Treasury 9 1/2 per cent convertible 1989, and then withdrew to await a higher bid. Gilt-edged stocks, which had responded initially to a sharp technical recovery overnight in the U.S. bond market, immediately improved further. Overseas interest was noted following a less strong dollar. Longer-dated gilts were influenced most and closed around 1/4 up. Chief prices changes, Page 38; Details Page 39; Share information service, Pages 40-41.

EUROPE Frankfurt shifts to forward gear A MORE measured approach was adopted by investors in West Germany yesterday to the labour relations problems which are having their major impact on the country's motor industry. Renewed Frankfurt buying took shares in all the major motor manufacturers higher while, reflecting the broader market, the Commerzbank index added 11.2 to 1,015.3. The change of mood came as one analyst suggested that the slide in share prices since their peak in early February had already fully discounted the present labour problems. The market's mood was also buoyed by indications that, contrary to recent expectations, the Bundesbank was unlikely to tighten credit conditions at its meeting today. Among motor manufacturers, Porsche added DM 47 to DM 998, while Daimler-Benz put on DM 8 to DM 575.50 despite its announcement of shutdowns at some plants from today. BMW also facing shutdowns today, rose DM 4.40 to DM 382.50, and VW added DM 3 to DM 191.50 ahead of its announcement on closures next week. Tyremaker Conti-Gummi added DM 3.40 to DM 124.40 in continued reaction to Tuesday's announcement of doubled profits in 1983. Deutsche Bank's expressed desire to maintain 1983's DM 12 dividend helped its shares up DM 7.50 to DM 378.50 ex the latest payout. Dresdner Bank added DM 2.30 to DM 189.80 and Commerzbank DM 3.50 to DM 171. Bond prices staged a broad recovery. Trading was at times hectic as bargains were sought. The strength was underlined by the Bundesbank's large sale of DM 106m of paper, compared with the previous day's sales, which totalled just DM 18.7m. A firmer mood emerged in Amsterdam. Philips' higher results had already been discounted and its shares closed just 40 cents up at Fl 47.90 after a day's high of Fl 48.40. Bonds showed gains of up to 40 basis points after Tuesday's successful placement of the new 8.5 per cent state loan, which raised Fl 3.5bn. The continued strong performance of banking shares, together with the weaker dollar, helped shares to end steady in Zurich in moderately active trading. Union Bank added SwFr 25 to SwFr 3,640, Swiss Bank SwFr 5 to SwFr 365

LONDON

Support turns selective

and Crédit Suisse SwFr 30 to SwFr 2,350. Bonds were mixed with a slightly firmer trend as selective buying revived after last week's sell-off. Brussels was firm with speculative interest spurring Arbed up BFr 50 to BFr 1,720 and Cockerill Sambre BFr 5 higher at BFr 293. Shares were steady in moderately active Paris trading with the firmer performance of Wall Street offsetting a half-point rise in the daily French call money rate. Amrep, the troubled oil services company, was finally quoted at FFr 98 on May 4. Trading in the shares had resumed last Thursday but the stock remained unquoted because of an order imbalance brought on by heavy selling. Milan continued easier as positions were squared on the last trading day of the month. Fiat shed L60 to L4,285 after Tuesday's surge, while La Centrale added L65 to L1,820 in continued reaction to reports that Nuovo Banco Ambrosiano was considering the sale of its 47 per cent stake. Many leading shares extended recent losses in a generally weaker Stockholm although the mining and energy group, Boliden, added SKr 2 to SKr 434 on first quarter results. Shares were firmer in moderate Madrid trading investors returned from a four-day break.

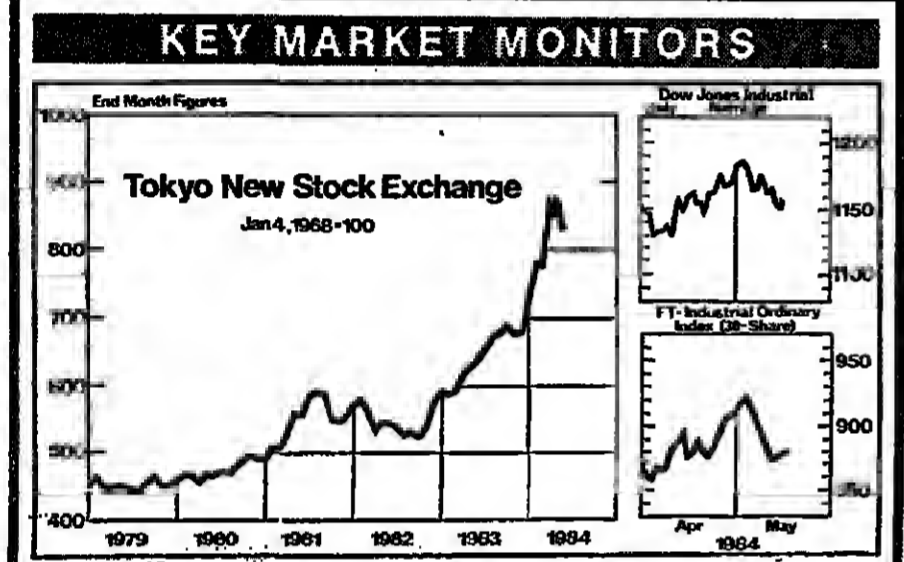


Table with columns: STOCK MARKET INDICES, CURRENCIES, U.S. BOND, SOUTH AFRICA, AUSTRALIA, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWITZERLAND, SWEDEN, WORLD, GOLD (per ounce), COMMODITIES. Includes various market data points.

Table with columns: U.S. DOLLAR, U.S. BOND, SOUTH AFRICA, AUSTRALIA, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWITZERLAND, SWEDEN, WORLD, GOLD (per ounce), COMMODITIES. Includes various market data points.

EUROPE

Frankfurt shifts to forward gear

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EUROPE

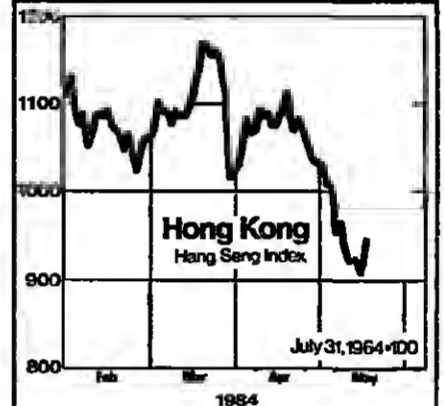
Frankfurt shifts to forward gear

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TOKYO

Uncertainty brings erratic gains

SPECULATIVE issues moved erratically in Tokyo yesterday as an uncertain mood held institutional and individual investors to the sidelines, writes Shigeo Nishiwaki of Jiji Press. Resources and contractors opened firm, reflecting the previous day's modest rally, but the market entered a general decline when these purchases dried up. The Nikkei-Dow market average climbed nearly 65 points early in the morning, but lost ground on light selling to finish only 15.31 ahead at 10,619.85. Trading remained slow with turnover swelling slightly to 318.56m shares from Tuesday's snail's pace 287.10m. Advances outpaced declines 366 to 332, with 161 issues unchanged. Many investors, notably trust banks and other institutions, believed stocks had hit bottom after suffering the second largest plunge on record last Monday. Still they refrained from buying, in view of the lacklustre performance on Wall Street, persistent light selling by non-residents and a record high margin debt. Transactions focused mainly on speculative issues related to gold mining and anti-cancer drugs, where buying incentives were identified. Marubeni rose Y24 to Y410 on revived interest in its Canadian gold mining venture, and Aoki Construction jumped Y50 to Y926 on its tapping of gold veins in Brazil. Blue chip issues were out of favour, closing mixed after narrow price movements. The uncertain market outlook indicates that investors will limit buying interest to gold-related issues and other speculatives for the time being, market analysts said. The bond market recovered some life from the slowing pace of U.S. rate rises and the buying of Y100bn worth of 7.5 per cent government bonds maturing in January 1993 by the Debt Consolidation Fund. The buying operation was designed primarily to prop up the market and enable a smooth absorption next month of 10-year government bond issues. The yield on the barometer 7.5 per cent government bonds dropped sharply to 7.32 per cent from 7.35 per cent. But major securities companies remained cautious over market prospects, as the decline stemmed largely from tight supply-demand relations brought on by three buying operations this month.



HONG KONG

THE REACTION in Hong Kong to pledges by the Chinese leadership on preserving capitalism in the territory well into the next century was enthusiastic, and a busy half-day session took the Hang Seng index 25.25 up at 949.32. Short-covering among the trading houses added 50 cents to Swire Pacific at HK\$14.90 and 45 cents to Jardine Matheson at HK\$39.50, while properties showed Cheung Kong 25 cents ahead at HK\$8.50. Banks had more muted gains: 10 cents for Hongkong and Shanghai at HK\$6.30 and 75 cents in Hang Seng at HK\$35.25. China Light put on 30 cents to HK\$11.30 and Hongkong Electric 20 cents at HK\$5.45.

Advertisement for Kyowa Finance (Hong Kong) Limited, featuring a logo and text: U.S. \$100,000,000 Kyowa Finance (Hong Kong) Limited, 12% Guaranteed Notes due 1990, The Kyowa Bank, Ltd. (Kabushiki Kaisha Kyowa Ginko).

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, listing various stocks with columns for 12 Month High/Low, Stock Name, Div. Yld., P/E, 52 Week High/Low, and Close Price.

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, listing various stocks with columns for 12 Month High/Low, Stock Name, Div. Yld., P/E, 52 Week High/Low, and Close Price.

Notes and legends explaining the data in the tables, including definitions for 52-week high/low, dividend status, and other market indicators.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA

Table with columns: May 16, Price, +/- or. Stocks listed include Greidnassitz, Gossner, Interspan, etc.

DENMARK

Table with columns: May 16, Price, +/- or. Stocks listed include Afdruus Olie, Andelsbanken, Balfisk Bank, etc.

BELGIUM/LUXEMBOURG

Table with columns: May 16, Price, +/- or. Stocks listed include ARRECO, Belg Int A, Belg Int B, etc.

FRANCE

Table with columns: May 16, Price, +/- or. Stocks listed include Emprunt 4 1/2 1975, Emprunt 7 1/2 1975, etc.

GERMANY

Table with columns: May 16, Price, +/- or. Stocks listed include AEG Tele, Allianz, Bayer, etc.

NETHERLANDS

Table with columns: May 16, Price, +/- or. Stocks listed include AEG Holding, AGF, Alho, etc.

SPAIN

Table with columns: May 16, Price, +/- or. Stocks listed include Banco Com, Banco IBS, etc.

SWEDEN

Table with columns: May 16, Price, +/- or. Stocks listed include AGA, Aite Laval, Astra, etc.

SWITZERLAND

Table with columns: May 16, Price, +/- or. Stocks listed include Alusuisse, Bank Leu, etc.

AUSTRALIA

Table with columns: May 16, Price, +/- or. Stocks listed include ANZ Group, ANZ Bank, etc.

ITALY

Table with columns: May 16, Price, +/- or. Stocks listed include Banco Com, Banco IBS, etc.

NORWAY

Table with columns: May 16, Price, +/- or. Stocks listed include Bergen Bank, Christiania BK, etc.

HONG KONG

Table with columns: May 16, Price, +/- or. Stocks listed include Bank East Asia, Cheung Kong, etc.

JAPAN

Table with columns: May 16, Price, +/- or. Stocks listed include Aihonmoto, Amada, Asahi, etc.

SOUTH AFRICA

Table with columns: May 16, Price, +/- or. Stocks listed include Albram, Anglo Am Gold, etc.

OVER-THE-COUNTER

Table with columns: Stock, Sales, High, Low, Last, Day. Includes various OTC stock listings.

AUSTRALIA (continued)

Table with columns: May 16, Price, +/- or. Stocks listed include Gen Prop Trust, Harde, etc.

JAPAN (continued)

Table with columns: May 16, Price, +/- or. Stocks listed include MHI, Mitsubishi, etc.

HONG KONG (continued)

Table with columns: May 16, Price, +/- or. Stocks listed include Bank East Asia, Cheung Kong, etc.

JAPAN (continued)

Table with columns: May 16, Price, +/- or. Stocks listed include Aihonmoto, Amada, Asahi, etc.

SOUTH AFRICA (continued)

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LONDON

Chief price changes (in pence unless otherwise indicated)

RISSES

Table listing stock price changes in London, categorized as RISSES.

FALLS

Table listing stock price changes in London, categorized as FALLS.

UNCHANGED

Table listing stock price changes in London, categorized as UNCHANGED.

NEW LISTINGS

Table listing new stock listings in London.

RETRADING

Table listing retrading stock prices in London.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table showing American stock exchange closing prices for various stocks.

ENERGY REVIEW - every Wednesday in the Financial Times

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FT LONDON SHARE INFORMATION SERVICE

John Foord

BRITISH FUNDS

Table of British Funds including 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years'.

Updated

Table of updated fund data.

Index-Linked

Table of index-linked funds.

INT. BANK AND O'EAES GOVT STERLING ISSUES

Table of international bank and government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of various loans.

Public Board and Ind.

Table of public board and industrial data.

Financial

Table of financial data.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing.

Hire Purchase, Leasing, etc.

Table of hire purchase, leasing, etc.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks.

BEERS, WINES—Cont.

Continuation of beer, wine, and spirit stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road stocks.

ELECTRICALS

Table of electrical stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

ENGINEERING

Table of engineering stocks.

DRAPERY & STORES—Cont.

Continuation of drapery and store stocks.

ENGINEERING—Continued

Continuation of engineering stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

HOTELS AND CATERERS

Continuation of hotel and catering stocks.

ENGINEERING—Continued

Continuation of engineering stocks.

INDUSTRIALS (Miscel.)

Continuation of miscellaneous industrial stocks.

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Continuation of food, grocery, and other stocks.

HOTELS AND CATERERS

Continuation of hotel and catering stocks.

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Continuation of hotel and catering stocks.

ENGINEERING—Continued

Continuation of engineering stocks.

INDUSTRIALS (Miscel.)

Continuation of miscellaneous industrial stocks.

FOOD, GROCERIES, ETC.

Continuation of food, grocery, and other stocks.

HOTELS AND CATERERS

Continuation of hotel and catering stocks.

HOTELS AND CATERERS

Continuation of hotel and catering stocks.

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst, Abbey Unit Trst, Abbey Unit Trst, etc. with columns for name, manager, and performance data.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing numerous unit trusts like Crown Life Unit Trust, Crown Life Unit Trust, Crown Life Unit Trust, etc. with detailed performance metrics.

Table listing various insurance companies and their services, including Sun & Prosper Group, Temple Bar Unit Trust, etc.

INSURANCES

Table listing insurance policies and services from companies like AA Friendly Society, AA Friendly Society, etc.

Insurances - continued

Continuation of insurance listings, including Colonial Mutual Group, Colonial Mutual Group, etc.

Commercial Union Group

Table listing Commercial Union Group insurance products and services.

Friends' Provident Life Office

Table listing Friends' Provident Life Office insurance products and services.

SI George Assurance Co Ltd

Table listing SI George Assurance Co Ltd insurance products and services.

State Bank Equity Hedge

Table listing State Bank Equity Hedge insurance products and services.

F.T. CROSSWORD PUZZLE No. 5418

Crossword puzzle grid with clues for Across and Down words.

Scottish landowner

Scottish landowner crossword puzzle with clues and grid.

Offshore & Overseas - continued

Table listing offshore and overseas financial services and companies.

Money Market Trust Funds

Table listing money market trust funds and their performance.

Money Market Bank Accounts

Table listing money market bank accounts and their features.

Handwritten text at the bottom of the page, possibly a signature or note.

INSURANCE & OVERSEAS MANAGED FUNDS

Table listing various insurance and managed funds, including company names, fund names, and numerical values.

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OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including company names, fund names, and numerical values.

Notes and additional information regarding the fund listings, including contact details and general remarks.

COMMODITIES AND AGRICULTURE

Lamb and beef price supports 'threatened'

BY RICHARD MOONEY

EEC PRICE support payments to UK beef and lamb producers could soon fall victims to Brussels cost-cutting. Mr David Samworth, chairman of the Meat and Livestock Commission (MLC) warned yesterday.

Coffee prices spiral higher

BY OUR COMMODITIES STAFF

THE UPWARD spiral in coffee futures prices continued yesterday, taking the July position on the London market up another £73 to £2,401 a tonne, the highest level since September 1977.

Steel puts forward defence of CAP

By John Edwards

A VIGOROUS defence of the Common Agricultural Policy was put forward in London yesterday by Mr David Steel, leader of the Liberal Party.

Mr Steel said that contrary to the cost of basic foodstuffs in the UK had fallen in real terms during the past decade since Britain joined the EEC.

At the same time, domestic food production had risen by 50 per cent and food imports now accounted for only 12 per cent of total imports against 22 per cent in 1974.

Although the CAP was greatly criticised, he claimed that it was not often acknowledged that it had achieved its original aims of securing an adequate food supply for member states at a fair price to the consumer while giving a fair return to the farmer.

Florida frosts boost Brazil orange industry

BRAZILIAN orange juice crushers normally spend this time of the year wondering what to do with the orange juice lake.

As a result, Brazil should have at least two more years of very good prices and earnings. Last year's Brazilian harvest was not a good one, partly for weather reasons which cut some 10m cases of the target of 190m cases.

The sudden world shortage has increased prices of frozen juice by about 35 per cent in the United States, although rather less in Europe.

After a frost two years ago, the Florida plantations were expected to get back to full production of about 180m cases this year.

A heated debate is now going on in Brazil as to whether crushers should pay a higher price to growers than that agreed earlier in the year.

The companies undertook to buy, if not actually crush, all the fruit available. This scheme was designed to prevent the strongest firms taking advantage of the weak market and to ensure that the industry shared the hard times with the growers.

Now the industry would like to see the quota system ended, and the industry allowed to be free to sell according to market forces.

Although the U.S. usually produces more juice than Brazil, it consumes it all. Several countries in Central America or Africa could, in theory, threaten Brazil's dominance.

Comex to expand options trading membership

BY NANCY DUNNE IN WASHINGTON

THE BOARD of Governors of Commodity Exchange (Comex) has announced a new scheme to expand options trading membership and to boost the number of silver options.

Under the plan, the exchange will sell permits for \$15,000, which allow the holders to trade in silver options.

Comex initiated a similar programme for gold options last September when it allowed 185 holders of financial instrument permits - virtually worthless because Comex financial instrument contracts are now dormant - to trade in the gold market.

Fears over supplies push zinc values up

By John Edwards

ZINC VALUES rose sharply on the London Metal Exchange yesterday, following rumours of supply cutbacks by producers in Tasmania, Mexico and Peru.

There was heavy buying of zinc, from one dealer in particular, at a time when there is already a shortage of immediately available supplies.

In contrast, tin prices fell reflecting the firmer trend in the value of sterling against the dollar.

SUGAR PRICES on the London futures market fell back yesterday, wiping out most of the gains registered on Tuesday.

The October position ended the day \$1.30 down at \$165.80 a tonne.

The market opened lower on reports of cheap sales to Morocco and Egypt. Prices rallied during the day on the lower dollar/sterling rate but fell back again near the close.

Dealers said there was no market impact from the EEC weekly tender, which was 57,250 tonnes, but the supply of immediately available supplies was restricted.

The market opened lower on reports of cheap sales to Morocco and Egypt. Prices rallied during the day on the lower dollar/sterling rate but fell back again near the close.

PRICE CHANGES

Table with columns for commodity names (Metals, Cash, etc.), current prices, and percentage changes.

BRITISH COMMODITY PRICES

Table with columns for commodity names (Zinc, Copper, Tin, etc.), current prices, and percentage changes.

AMERICAN MARKETS

Table with columns for commodity names (Cotton, Wool, etc.), current prices, and percentage changes.

INDICES

Table with columns for index names (Financial Times, etc.), current values, and percentage changes.

LONDON OIL

After opening around \$2.00 firmer the market moved quickly higher in active trading up to \$2.08 on beam June in the new oil market.

PRODUCTS - North West Europe

Premium gasoline, 974-978 (+0.5) Fuel oil, 187-190 (+0.5)

SPOT PRICES

Table with columns for commodity names (Arabian Light, etc.), current prices, and percentage changes.

GOLD MARKETS

Gold rose \$2 an ounce from Tuesday's close in the London bullion market yesterday.

LEAD

Lead-Morning: Three months 22.5, 26, 27.5. Korb: Three months 22.7, 26, 27.5.

LONDON FUTURES

Table with columns for commodity names (Gold, etc.), current prices, and percentage changes.

ZINC

Zinc-Morning: Cash 714, 15, 19. Three months 571, 73, 74, 75, 76, 77.

EUROPEAN MARKETS

PARIS, May 16. Western Amber Durum, June 200, Nov 197.

ALUMINIUM

Aluminium-Morning: Three months 220, 18, 17.5. Korb: Three months 215, 18.5, 19, 20.

WHEAT

Wheat-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

NICKEL

Nickel-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

POTATOES

May position opened strongly, trading some £10.00 higher before profit-taking during the afternoon.

COCOA

In volatile trading futures edged higher in the afternoon.

COPPER

Copper-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

SILVER

Silver-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

SOYABEAN MEAL

Soyabean meal-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

SOYABEAN OIL

Soyabean oil-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

MEAT/FISH

MEAT COMMISSION - Average fat-carcass prices at non-quota markets.

REUTERS

May 16, May 14th spot year ago 314.18/152.00/308.50/270.50

MOODY'S

May 10, May 10th spot year ago 106.71/107.1/107.5/105.8

DOY JONES

May 10, May 10th spot year ago 106.71/107.1/107.5/105.8

GRAINS

Grains-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

SUGAR

Sugar-Morning: Cash 174, 15, 19. Three months 571, 73, 74, 75, 76, 77.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar easier but pound firm

The dollar lost ground on the foreign exchanges yesterday, but showed a modest recovery towards the close following news the Federal Reserve had increased its discount rate...

Stability of world oil supplies following the attacks on shipping in the Gulf as a result of the war between Iran and Iraq. There were also rumours of informal contacts aimed at ending the miners' strike...

Bundesbank sold a token \$1m as a smoothing operation. The weaker trend reflected a fall in Euro-dollar interest rates and respect for the possibility of further central bank intervention...

Gilts firmer

Gilt prices improved in the London International Financial Futures Exchange yesterday. A stronger move in U.S. bond markets on Tuesday set the tone for a firmer opening in London...

FINANCIAL FUTURES

Gilts firmer

Gilt prices improved in the London International Financial Futures Exchange yesterday. A stronger move in U.S. bond markets on Tuesday set the tone for a firmer opening in London...

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various currencies including Deutsche Mark, French Franc, Italian Lira, etc.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing Dollar Spot and Forward rates for various currencies.

OTHER CURRENCIES

Table showing other currency rates for Argentina, Australia, Canada, etc.

CURRENCY MOVEMENTS

Table showing currency movements for Sterling, Deutsche Mark, etc.

CURRENCY RATES

Table showing currency rates for various countries including UK, Ireland, Canada, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates for Pound Sterling, U.S. Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various maturities.

MONEY MARKETS

Table showing money market rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

LONDON MONEY RATES

Table showing London Money Rates for various currencies.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing discount houses deposit and bill rates.

MONEY RATES

Table showing money rates for various currencies.

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Table showing money rates for various currencies.

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Table showing money rates for various currencies.

NEW YORK (Lunchtime)

Table showing New York (Lunchtime) market data.

MONEY RATES

Table showing money rates for various currencies.

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BUSINESS LAW

A far from perfect model for arbitration

By A. H. HERMANN, Legal Correspondent

THE International Arbitration Congress, which concluded its session in Lausanne last Saturday, was what one might call a disappointing affair. All the British practitioners told me on the way to the airport: "I came to the congress believing that the UNCITRAL Model Law might be a good thing, but I am leaving convinced that we will be better off without it." The latest draft of the "model law on arbitration," which should receive its United Nations blessing within 15 months, was the only topic of the congress.

The congress, organised by the International Council for Commercial Arbitration (ICCA), and hosted by the Swiss Arbitration Association with one exception and provision unique to their country, attracted 548 participants from all over the world. There was strong representation from both the U.S. and the Soviet countries, and many developing countries, sent several representatives and there was, of course, a massive participation from West European practitioners of arbitration. Absenteeism from the sessions was minimal—almost all endured the unmitigated seriousness of the proceedings without being bored.

This was all the more remarkable as the congress was singularly lacking any sort of "audience participation." Before leaving home for the congress each participant received a big parcel of papers to be presented, and most of these were excellent and of great interest to the student of international law. During the sessions in which the rapporteurs presented these papers, a great number of "interventions"—on average 25 a session—was made by the participants. These were often well prepared mini-papers read at great speed, and without paying much attention to the session chairman's bell indicating that the allotted time had been exhausted.

However interesting some of these contributions were, they provoked hardly any discussion. Certainly the rapporteurs did not react to them. It was like watching so many beautifully polished pebbles thrown into a stream. A judicial review of the substance of the decision could always be avoided in England by the parties electing other than English law. However, it is exactly the English commercial law, elaborated in great detail which attracts many parties and makes them choose London arbitration. In the same way as the Roman Empire and became the foundation on which the legal systems of many countries of Europe were built, so the English commercial law is in the process of becoming internationalised, and so is the London Commercial Court, in spite of the House of Lords' reluctance to recognise it.

The second major objection concerns the proposal of formulating an arbitration law applicable exclusively to international disputes. The French have done so in their recent reform of arbitration law, but both the UK and Germany are opposed to the idea which can lead only to confusion and leaves open a loophole through which the rules can be avoided on the grounds that the dispute is not international but domestic.

Finally, the logic of the model law is likely to lead to a situation when it might be accepted that judicial review should not be exercised by the courts of the place of arbitration but solely by the courts of the country in which the enforcement of the award is sought. The result would be—and this has already happened with several ICC awards—that the unhappy winning party had to litigate for the recognition of the awards in several countries, only to find that the provisions of the 1958 New York Convention, or others modelled on it, are of no help against the reluctant awarding party.

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 16.

Table with columns: U.S. DOLLAR, STRAIGHTS, DEUTSCHE MARK, SWISS FRANC, and various bond issues with their respective prices and yields.

Table titled 'YEN STRAIGHTS' showing bond issues like Acan Dev Bk 7 1/2% 84, World Bank 1 1/4% 84, etc.

Table titled 'OTHER STRAIGHTS' showing bond issues like British Cal Hyd 12 3/4% 82, Swiss Gov 12 1/4% 83, etc.

Table titled 'CONVERTIBLE' showing convertible bond issues like American 3 3/4% 84, BIC Brown 8 1/4% 85, etc.

Table titled 'PLAINTING RATE' showing various rates and yields for different currencies.

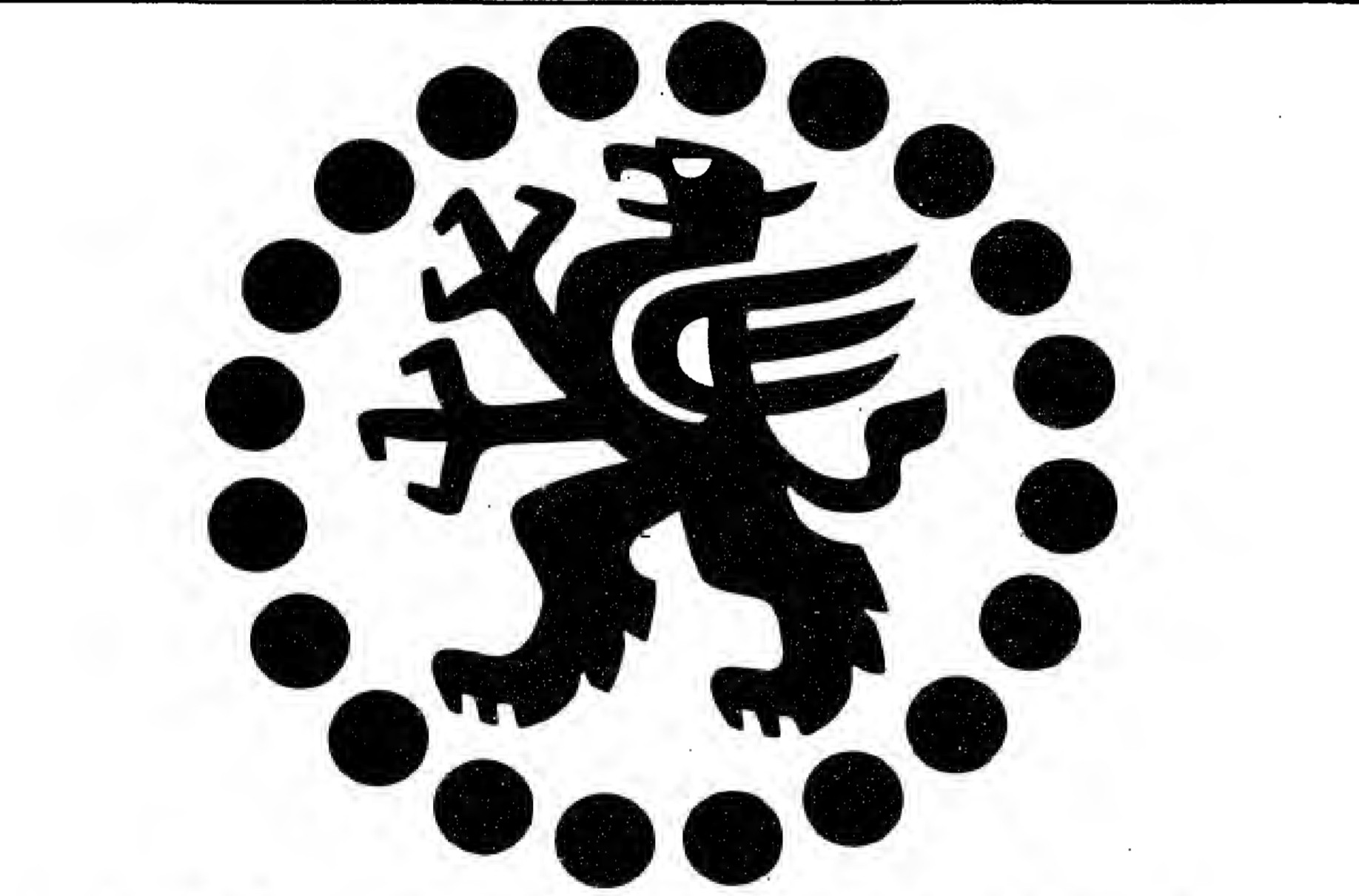
CAPITAL MARKETS

Intec issues \$50m convertible bond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON. INTEC, the Japanese computer company, launched a \$50m five-year convertible bond in the Euro-markets yesterday...

OVER-THE-COUNTER

Large table listing various financial instruments, their prices, and market movements. Includes sections for 'Continued from Page 38', 'S', 'V-U', 'W-W', and 'X-Y-Z'.



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Weekly net asset value Tokyo Pacific Holdings (Seaboard) N.V. on 14th May, 1984, U.S.\$92.11

Table titled 'VONTOBEL EUROBONDINDIZES' showing weighted average yields for various bond indices as of May 15, 1984.